

Annex I : Operational Guideline – CREE Densification Program

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Version 1.0

July 2016

This document describes the terms and conditions of the support provided by GIZ/EnDev under the NEA/CRED partnership for the densification of existing grids operated by CREEs. GIZ/EnDev reserves the right, when necessary, to alter, amend or cease any terms and conditions as outlined herein at any point in time, respecting a 2 months' notice period to the participants in the Programme.

1. Introduction to GIZ/EnDev

GIZ/EnDev Nepal promotes sustainable access to modern energy services for households, social institutions and small to medium-sized enterprises. Under the developed partnership with NEA/CRED, the overall aim is to provide sustainable access to modern electricity services for rural households. Our work started with the extension of the national grid, which has reached 49 CREEs country wide with the establishment of a fund that enable CREEs to have the funds for grid extensions in their operation areas. Since 2008 more than 160.000 people have benefited from this fund and proved to be pertinent and effective for many CREEs country wide. Despite this success, during this year's CREEs have also observed that still many households are not connected to the lines mainly due to the high initial connection investment costs. Thus, the present Densification Program deals with this issue by providing an incentive to those CREEs that can finally enable more users with effective access to the grid while at the same time promoting Productive uses of Electricity in their operation areas.

2. Objective of the program

The CREEs Densification Program has the objective to support with connection incentives to CREEs that identify and effectively connect to the Electricity Grid users under their existing areas of operation who could not get access due to the high initial connection costs. These incentives could be later translated to households or small and micro enterprises with new connections.

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3. Scope of the call

The program will competitively select a maximum of 10 CREEs as qualified to be supported in order to increase the number of users under existing electricity grids. More calls are expected to be launched from 2017 onwards, as long as sufficient scale can be assured. All CREEs in Nepal located in rural and peri-urban areas are eligible and are encouraged to participate in this programme.

4. What do we offer?

CREEs participating in the programs are welcome to participate and benefit with a Result Based Financial incentive for each new “household” and/or “productive use” customer that is connected to their existing electricity grid.

GIZ/EnDev will provide incentives (section 7) providing evidence that new connection were attracted by the CREEs to have access and use electricity.

5. Our target

The Programme focuses on rural and peri-urban areas where CRE program is implemented. Only new connections will be considered and only in those areas that have already been electrified. New connection derived from new grid extensions cannot participate in the actual call.

In the case of PU, new connections will be via new businesses (MSMEs) using electricity for income generation. Non new connections will be supported outside the CREE area.

6. CREEs engagement steps

The modality of collaboration will be agreed in detail with each CREE specifically, on the basis of each CREE’s number of expected new connections and proposed activities presented in the proposal (Annex II). However, the general concept consists of collaboration between GIZ/EnDev and the CREEs for mutual benefit of the CREEs and new electricity users.

Steps:

1. CREEs need to submit to GIZ/EnDev their project proposal as per the attach template (Annex II). The proposal shall include a recommendation from the respective local authority (VDCs).

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2. CREEs are advised to do internal assessment to find whether the HHs with new connections will be able to pay electricity bills after receiving electricity supply.
3. All proposals will be evaluated by GIZ/EnDev and the selected ones will participate in the program.
4. GIZ/EnDev and selected CREEs will sign a agreement for the realization of the project, in which mutual conditions and responsibilities are clarified.

After signing the agreement and agreeing on the terms and conditions, the general engagement process is expected to be as follows:

- Joint validation of number of households and MSMEs by EnDev and NEA as described in section 5.
- Joint validation of the activity plan.
- Project deployment.

Concerning the PU promotion GIZ/EnDev and our partners will conduct Area Potential Survey to identify the potential resources in the selected CREE area. The PU promotion is aimed to Increase the electricity sale in CREEs, to increase the number of Micro, Small & Medium Enterprises (MSMEs) that will ultimately result to increase in job creation opportunities there. GIZ/EnDev and our partners will continue to support entrepreneurs engaged via Business Development Service Providers capacitated by our partners.

7. Incentives

The selected CREEs that will participate in the program are entitled to:

Household connection = NPR 2000 per connection

MSME connection = NPR 3000 per connection

CREEs shall claim this support following the process described in section 7 and 8.

GIZ/EnDev will not engage with CREEs with a mere interest in the financial incentive. The objective is to have CREEs, committed to its development and sustainable growth.

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8. Claim Submission for new access connection

All CREEs with an agreement with GIZ/EnDev are eligible to submit a claim. Once the electricity connection is done, claims will be submitted to GIZ/EnDev, as soft-copies through email for validation following the template provided (Annex III A). Once validation is confirmed, hard copies should be sent to GIZ/EnDev address found in the contact details at the end of the guideline.

Claims can only be submitted for new connections under existing grids. Claimed connection cannot be older than maximum 2 months with reference to the claim submission date.

The CREE is only eligible for payment of new connections that started after the signed agreement.

Once validation is done, the CREE can submit a claim to GIZ/EnDev with the following supporting documents that are obligatory to be considered for payments:

- a. Brief narrative report (Annex III).
- b. Incentive Claim form (Annex III B). The claim form should be signed and stamped by the CREE and validated by the respective VCD.
- c. List of new connections (Annex III A) (lists in Excel are required)
- d. Photo data base (each listed new connection should have a photo saved with the name of the owner and serial number presented in the list)

Based on this information, GIZ/EnDev will define the amount that the CREE is entitled to claim as per the amounts indicated in section 7.

9. Claim Verification Process

- The claims received by the CREEs will be verified by GIZ/EnDev before proceeding with payment, in which validity of provided data will be checked.
- After an overall check of the information provided and possible consultation with the CREE to clarify any doubts or information gaps, the Households and/or MSMEs reported will be contacted for verification purposes. At least 80% of the HHs will be verified by phone, and a sample of at least 20% in person.
- Verification duration will depend on the number of new connections the CREE has provided. GIZ/EnDev aims to limit verification to three weeks since the submission of the claim.

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- Once the verification process has been completed satisfactorily and the claim approved, GIZ/EnDev will notify the CREE, after which the CREE sends the printed version of the narrative report (Annex III), an incentive claim form (Annex III B) and an invoice to GIZ/EnDev for the corresponding amount to be deposited into bank account of CREEs. Final lists (Annex III A) can be sent via email or any other soft file.
- Within 2 weeks from submission of invoice, the CREE will receive the payment from GIZ/EnDev.

10. Contact information

For more information please contact:

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