

**MDB Request for Payment for  
Project Implementation Services (MPIS)**

<b>SCALING UP RENEWABLE ENERGY PROGRAM IN LOW-INCOME COUNTRIES MDB Request for Payment of Implementation Services Costs</b>			
1. <b>Country/Region:</b>	Nepal/Asia	2. <b>CIF Project ID#:</b>	(Trustee will assign ID)
3. <b>Project Title:</b>	Nepal Extended Biogas Program		
4. <b>Request for project funding (USD million):</b>	<i>At time of country program submission (tentative):</i> USD 7.9 million	<i>At time of project approval:</i>	
5. <b>Estimated costs for MDB project implementation services (USD million):</b>	<i>Initial estimate - at time of Country program submission:</i> USD 0.650 million	MDB: World Bank	
	<i>Final estimate - at time of project approval:</i> USD 0.650 million	Date: September, 2013	
6. <b>Request for payment of MDB Implementation Services Costs (USD million):</b>	<input type="checkbox"/> First tranche <input checked="" type="checkbox"/> Second tranche	USD 0.325 million	
7. <b>Project/program financing category:</b>	a - Investment financing - additional to ongoing MDB project <input type="checkbox"/> b - Investment financing - blended with proposed MDB project <input type="checkbox"/> c - Investment financing - stand-alone <input checked="" type="checkbox"/> d - Capacity building - stand alone <input type="checkbox"/>		
8. <b>Expected project duration (no. of years):</b>	5 years		
9. <b>Explanation of final estimate of MDB costs for implementation services:</b>	<i>If final estimate in 5 above exceeds the relevant benchmark range, explain the exceptional circumstances and reasons:</i> Not applicable		

**10. Justification for proposed stand-alone financing in cases of above 6 c or d:**

The World Bank's ongoing energy program in Nepal is linked to the development and strengthening of the on-grid power sector, as implemented by the national electricity authority, NEA. The World Bank's investment portfolio is particularly concentrated in transmission sector expansion and reinforcement, both to facilitate temporary imports of power from India during a temporary period of chronic power shortage. This power shortage is expected to be alleviated in the medium term as Nepal's massive potential for hydropower is developed; the hydro resources will vastly exceed Nepal's own needs, and private developers will need to see evacuation possibilities to neighboring country markets before undertaking large and risky investments.

The off-grid sector, which is the subject of the SREP-supported project, has not yet been part of the IDA portfolio, and therefore the project supported by SREP will be a stand-alone operation. The proposed stand-alone operation is definitely consistent with the Country Assistance Strategy, in three respects: (i) support to private sector development; (ii) poverty alleviation through support to livelihood development, and social inclusion of marginalized groups, in order to spread the peace dividend; and (iii) sustainable growth through promotion of clean development solutions. The GoN's Biogas program is currently receiving co-financing support from a number of bilateral donors (KfW, GIZ, Denmark, Norway), as well as Carbon Finance and GPOBA. Through SREP, the intention is to expand the scope of the program to include a wider range of large-scale biogas technologies, and also to mobilize additional private and public and other bilateral co-financing investments. Therefore, co-financing for the stand-alone SREP project which will address Nepal's off-grid energy development, will be pursued from bilateral financiers of the RREP project, in addition to GoN budgetary support and private and commercial investors.