



Viability Gap Based Sustainable Energy Challenge Fund (SECF) Frequently Asked Questions

1. What is a Challenge Fund?

A Challenge Fund is a competitive financing model to use both private and public funding adopting market based and incentive driven approach for development projects including Renewable Energy (RE) utilizing public sector and private sector fund.

2. What are basic principles of challenge fund?

Innovativeness, competitive process, potential to reach scale, social & economic impact, risk mitigations through cost sharing, addressing missing market, value of money and Gender & social Inclusion are the key principles to be following while managing challenge fund.

3. What is Viability Gap Based Sustainable Energy Challenge Fund?

The Central Renewable Energy Fund (CREF), a financial mechanism of Alternative Energy Promotion Centre (AEPCC) has recently established a Viability Gap Funding based Sustainable Energy Challenge Fund (SECF) with funding support from UK-Aid. SECF provides financial and technical assistance to the distributed renewable energy projects to ensure their financial viability and sustainable operation.

4. What is the deadline of application of the SECF?

The deadline for submitting the concept note for the pilot phase is July 4th, 2021. Concept notes received till 4th July 2021 will be evaluated in the first lot. The concept note portal will be open to submit the concept note after 4th July as well. All the concept notes received after 4th July will be evaluated in different lots.

5. How do I know if my organization is eligible to apply for the challenge fund?

Following institutions are eligible to apply for the SECF support

- Special Purpose Vehicle established to implement DRE PPP projects with Local/Provincial Governments
- Renewable Energy companies
- Banks and Financial Institutions including Cooperatives
- Industries or commercial entities registered under company act
- Any other companies not included above but have mandate to work in RE sector and have experiences in working in RE sector for at least two years



6. Can a local or provincial government also apply for SECF?

Both Local and Provincial government can form partnership with any private sector to develop project with Public Private Partnership model. Special Purpose Vehicle established for this purpose or any private company and or in partnership with LGs/PGs can apply for SECF support under Public Private Partnership window.

Local government can also submit the Expression of Interest to develop energy access project with reverse auction model.

7. What are the ineligible areas for SECF?

Cost of building and land, Cost of purchasing vehicles, Non-project related Operational cost and Non-project related human resource cost are the ineligible cost that SECF cannot support.

8. Is there an option of off-line application?

No. All the applicants should submit their Concept Note application through the online portal. The address to our portal is <https://secf.nrepnepal.com>.

9. Can one organization submit multiple applications?

Yes, one organization can submit more than one application for different Renewable Energy (RE) projects. The same applicant can apply for different RE projects by clicking “New Concept Note” button under Concept Note tab in online portal.

10. Can you be a lead organization for one application and act as a partner on another?

Yes, one organization can take the role as a lead organization for one RE projects and can take the role as a partner organization for different RE project.

11. What is the minimum and maximum duration of projects supported by SECF?

The duration of support for the projects by SECF depends on the funding windows opted by the applicant. The minimum support depends on the support requested by applicant. Duration for two funding windows i.e. Interest rate buydown and Generation based incentive can be up to five (5) years.

12. Is there word limit for text fields in the SECF portal ?

The word limit for text fields varies as per the response requirement of the particular field.

13. When and how will I know the outcome of my application?

Typically, the Sustainable Energy Challenge Fund (SECF) will reply the outcome of the Concept Note within 10 days after the deadline via email. If your Concept Note is shortlisted, they will send the invitation letter to your email id used at the time of registration. Also, you can find your shortlisted Concept Note by clicking “Shortlisted” button under Concept Note tab in online portal. If your Concept Note is not Shortlisted,



SECF will communicate the same reasons. The applicants can re-apply for the project again from online portal with suggested changes from SECF.

14. Can we get support from SECF or NREP before submitting our application?

Yes, NREP can offer its technical support at any stage of the application even to convert the idea into Concept note. Please contact SECF secretariat for any support and you can send your queries via email to secf_queries@nrepnepal.com .

15. What is difference between concept note and Full Application?

SECF has two stage application process. All applicants need to apply concept note first using online portal <https://secf.nrepnepal.com> and once the concept note is shortlisted then SECF will send an invitation to submit the full application. Concept note is a short application with limited information with yearly financial costing and budgeting of the project whereas Full application is a long application with detail information including business plan for the project.

16. How to seek phone/email support?

SECF provides Technical Assistance (TA) support at all level, even before the Concept Note submission. Please contact for support from SECF representative at 9802323318 or secf_queries@nrepnepal.com .

Disclaimer: TA support from SECF do not guarantee approval of financial support requested in Concept Note.

17. What due diligence information will I need to supply to support my application?

SECF secretariate will seek for information and documentation to form opinion about the Governance structure and its functioning within the organization; Capability of the organization to manage the project in terms of financing as well as human resources; Financial management system and procedures and Other factors required like risk and past performance of the organization to recommend the full application for financial support from SECF.



18. What are the criteria for the evaluation of Concept Note applications?

The Concept Note will be evaluated with following evaluation criteria.

S.N.	Criteria to be used and areas to focus in each of the criteria	Weightage
A	Eligibility of Proposed Concept Note Applicant <ul style="list-style-type: none"> Registered in appropriate government agency (company, financial institution, cooperative or Special purpose vehicle formed under Public Private Partnership Model) Working in the NREP program provinces Not in the blacklist of any Government agencies Alignment of the concept with the objectives of the VGF based SECF 	Mandatory In case the applicant and project are not eligible to apply, further evaluation will not be done.
B	Technical feasibility of the proposed project	35
C	Proposed financing arrangement of the project an investment mix	35
D	Expected results/impacts of the project	30
	Total Score	100

A concept note must get a minimum of 60 marks to be eligible for shortlisting for full application. Only shortlisted concept notes will be requested to submit the full application within a month.

19. What are the evaluation criteria for the full application?

The full application is scored with following evaluation Criteria.

S.N.	Evaluation Criteria	Allocated max score	Remarks				
a.	Contribution toward the objective of the project to NREP objective to meet the following targets (please tick as appropriate) Key target: <table border="1" style="margin-left: 20px;"> <tr><td>Generating 16 MW</td></tr> <tr><td>Reaching 95,000 HHs</td></tr> <tr><td>Reaching 500 MSMEs</td></tr> <tr><td>Reaching 200 Public Institutions</td></tr> </table>	Generating 16 MW	Reaching 95,000 HHs	Reaching 500 MSMEs	Reaching 200 Public Institutions		Mandatory to be matched with SECF objective To be filled by Fund Manager
Generating 16 MW							
Reaching 95,000 HHs							
Reaching 500 MSMEs							
Reaching 200 Public Institutions							
b.	Types of Renewable Energy Project proposed (please tick as appropriate) <table border="1" style="margin-left: 20px;"> <tr><td>Energy access</td></tr> <tr><td>Productive use of energy</td></tr> <tr><td>PPP projects with LG/PG</td></tr> <tr><td>Commercial and industrial application</td></tr> </table>	Energy access	Productive use of energy	PPP projects with LG/PG	Commercial and industrial application		Mandatory to be one of the fours To be filled by Fund Manager
Energy access							
Productive use of energy							
PPP projects with LG/PG							
Commercial and industrial application							
1. Technical Evaluation – 70							
1.1	Technical Aspects of the project	40					



1.2	Social Aspects of the Project	20	
1.3	Risks assessment/monitoring and other aspects	10	
2. Financial Evaluation – 30			
2.1	Financial aspects of the project	30	
Total Scores		100	

All the full applications must get a minimum of 70 marks to be recommended with justifications for further approval to the Investment Committee (IC) for approval. The current Investment committee of CREF will work as an Investment committee for SECF too.

20. What is the Governance structure of SECF?

The Governance structure of SECF consist of SECF Secretariate, Initial Screening Committee, Independent Evaluation Panel and Investment Committee. For more detail please refer to the section “Governance structure of SECF” under “Application Process” submenu in SECF menu in the NREP’s website www.nrepnepal.com .

21. How is SECF associated with AEPC and CREF?

SECF is Challenge Fund mechanism established within Central Renewable Energy Fund (CREF), which is a financial mechanism of Alternative Energy Promotion Centre.

22. How is SECF associated with NREP?

Nepal Renewable Energy Programme (NREP) provides the technical assistance to implement SECF.

23. What is the timeline to receive financial support from SECF?

SECF has estimated the timeline of 90 plus days to receive the financial support from SECF from the date of notice published.

24. What types of RE technologies are considered under SECF? Is there any exclusion?

SECF has considered all the RE technologies for financial support. There is no exhaustive list prepared by the fund.

25. Can any project be considered for SECF support which have already received partial AEPC's subsidy?

SECF discourages duplication of financial support in the same project. However, it will depend upon the type of project and overall percentage of grant/subsidy support to total project cost in a particular project from both organizations.

26. Can project developers apply for financial support from more than one funding window?

No, one project can apply from only one funding window.



27. How financial assistance is provided to applicants after selection like installments wise and how monitoring takes place?

The details of the fund transfer to successful applicants varies based on project and support windows of SECF. This will be detailed out in the Performance Based Agreement (PBA). PBA as names stands for, SECF supports will be disburse on prorated and based on the progress milestones clearly laid out in the PBA. Similarly monitoring mechanism for the project for the disbursement and necessary documentation will also be highlighted in PBA.