

# Design of viable credit facilities for biogas HHs in Asia



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Netherlands

Development

Organisation



## Participant Countries:

**Bangladesh, Nepal,  
Bhutan, Cambodia, Lao  
PDR, Vietnam,  
Indonesia, Pakistan**

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# Current Main Constraints

- Lack of dedicated fund for biogas credit
- Less outreach and lack of MFIs at local level
- Low/lack of understanding of the technology
- Lack of capital in MFIs (equity investment)
- High interest rate
- Shorter loan tenure resulting in bigger instalments
- Requires (huge ~300%) collateral
- Risk of collateral free loan to MFIs
- loan processing time and the accessibility
- Policy issues (institutional setup)
- Currency risk of the borrower
- Legal framework for operation of MFIs

# General Recommendations

- MFIs
  - Low cost credit
  - Longer tenure credit with grace period
  - Flexible eligibility criteria
  - Lower/no collateral
  - TA
  - Insurance and/or guarantee against the loans
  
- HHs
  - Low cost credit with longer tenure including initial grace period
  - Lower down payment
  - No collateral from the MFIs

## Specific recommendations

- Fund should be the combination of loan and grant (TA)
- Provision for working capital to MFIs/POs
- Financing appliances manufacturing initiatives as well
- Should primarily focus on domestic biogas