



India: Clean Energy Finance Investment Program

Project Name	Clean Energy Finance Investment Program												
Project Number	46268-001												
Country	India												
Project Status	Active												
Project Type / Modality of Assistance	Loan												
Source of Funding / Amount	<table><tr><td colspan="2">MFF Facility Concept 0087-IND: Clean Energy Finance Investment Program</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 250.00 million</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 250.00 million</td></tr><tr><td colspan="2">MFF Facility Concept: Clean Energy Finance Investment Program</td></tr><tr><td>Japan International Cooperation Agency</td><td>US\$ 280.00 million</td></tr><tr><td>European Investment Bank</td><td>US\$ 253.00 million</td></tr></table>	MFF Facility Concept 0087-IND: Clean Energy Finance Investment Program		Ordinary capital resources	US\$ 250.00 million	Ordinary capital resources	US\$ 250.00 million	MFF Facility Concept: Clean Energy Finance Investment Program		Japan International Cooperation Agency	US\$ 280.00 million	European Investment Bank	US\$ 253.00 million
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth												
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development												
Sector / Subsector	Finance - Finance sector development												
Gender Equity and Mainstreaming	No gender elements												
Description	ADB and the Government of India are working together to provide long-term financing options for renewable energy projects, including wind, biomass, hydropower, and solar. The Clean Energy Finance Investment Program is supporting lending for renewable energy projects by the Indian Renewable Energy Development Agency. Private capital is being leveraged in partnership with the Indian Renewable Energy Development Agency in order to increase lending for at least 10 renewable energy projects, and to provide training for government officials to increase their knowledge of project finance.												
Project Rationale and Linkage to Country/Regional Strategy	India has enjoyed high economic growth in the last decade. However, additional growth is inhibited by chronic electricity shortages, which limit commercial activity. Around 300 million citizens (around 25% of India's population) have no access to electricity, while many with access have an intermittent supply. The government's push to narrow this electricity supply gap has increased India's dependence on fossil fuels, particularly imported diesel fuel and coal. To balance the conflicting objectives of high economic growth, climate change, and energy security, India is working to increase its use of renewable energy. A major challenge to sustaining high levels of renewable energy in India is a lack of financing. Due to the relatively high upfront cost of renewable energy projects, loans of 12 or more years are usually required to make the projects financially viable. However, such long-term funds are scarce in the Indian market, where project lending is predominantly bank-based, and commercial banks have difficulty lending long-term funds from short-term deposits.												
Impact	increased renewable energy infrastructure.												

Project Outcome

Description of Outcome	facilitated investment in renewable energy.
Progress Toward Outcome	Tranche 1 is under implementation. \$50 million has been disbursed. Disbursement is on track for the 4 years implementation period.

Implementation Progress

Description of Project Outputs	Enhanced availability of long-term financing to support renewable energy projects Improved institutional capacity of IREDA
Status of Implementation Progress (Outputs, Activities, and Issues)	ADB has funded 1 subproject, and will liquidate IREDA's finance of 3 other subprojects. Additional subprojects have been identified for 2017 for financing.

Summary of Environmental and Social Aspects

Environmental Aspects	The tranche 1 loan is classified as category FI for impacts on the environment, involuntary resettlement, and indigenous peoples under ADB's Safeguard Policy Statement; the same is expected for all future tranches. Renewable energy subprojects generally offer environmental benefits because they serve as an alternative to the fossil fuel extraction, transport, and combustion associated with conventional power generation. Renewable energy subprojects funded under the MFF are generally of a small size. ADB will not finance any category A subproject under tranche 1 but may consider financing category A subprojects under tranches 2 and 3. The financing of category A subprojects will strictly follow the ADB safeguard policy for financial intermediation loans and the requirements in the ESMS. IREDA is committed to working to meeting international best practices in subproject environmental and social safeguard implementation requirements to address subproject impacts, as requested by the international lenders. Under the MFF, IREDA will establish a functioning ESSU satisfactory to ADB (and, over time, to other development partners), including the nomination of two designated full-time staff members for day-to-day implementation of the ESMS, and a responsible institutional compliance officer. The ESMS will be maintained throughout the term of the MFF. An associated TA, to be provided in 2014 or 2015, will assist IREDA to attain the required capacity to implement the ADB safeguard system. If capacity gaps exist, consultant support will be provided to fill gaps until the required capacity is in place. By the end of tranche 1, the ESSU should be capable and self-sustaining.
Involuntary Resettlement	Same as above.
Indigenous Peoples	Same as above

Stakeholder Communication, Participation, and Consultation

During Project Design	Extensive consultations have been conducted on executing agency (IREDA) and subproject levels on, respectively, (i) IREDA's institutional capacity, including management structure, financial and risk management, credit procedures, existing environment and social safeguard practice, and subproject compliance with local laws and regulations; and (ii) subproject transaction structure, financial performance, technical review, and environment and social safeguard reviews. On the subproject level, consultations have also been conducted in the local communities of the subproject sites during the facility due diligence.
During Project Implementation	During facility implementation, IREDA shall establish an environment and social safeguard unit, fully staff it, and follow the guidelines developed in the environment and social safeguard management system when accessing the ADB funds. This includes consultations on the subproject level, required for due diligences on environmental impact, indigenous people, and involuntary resettlement, including the establishment of grievance redressal mechanism and the review of land acquisition process, all in the local communities of the subproject sites.

Business Opportunities

Consulting Services	All procurement to be financed under the MFF will be carried out in accordance with ADB's Procurement Guidelines. ADB will encourage IREDA to require its subborrowers to adopt internationally competitive bidding procedures to the extent possible when the amount of the investment is unusually large and economy and efficiency can be gained through such procedures. For procurement of goods and services to be financed by subloans from the ADB loan, IREDA will ensure that prices are reasonable and that relevant factors_e.g., time of delivery, efficiency, reliability, suitability for the subproject, and (for consulting services) quality and competence_are taken into account.
Procurement	All procurement to be financed under the MFF will be carried out in accordance with ADB's Procurement Guidelines. ADB will encourage IREDA to require its subborrowers to adopt internationally competitive bidding procedures to the extent possible when the amount of the investment is unusually large and economy and efficiency can be gained through such procedures. For procurement of goods and services to be financed by subloans from the ADB loan, IREDA will ensure that prices are reasonable and that relevant factors_e.g., time of delivery, efficiency, reliability, suitability for the subproject, and (for consulting services) quality and competence_are taken into account.

Responsible Staff

Responsible ADB Officer	Huang, Anqian
Responsible ADB Department	South Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SARD
Executing Agencies	<i>Indian Renewable Energy Dev't Agency Ltd. (IREDA) Core 4A, East Court 1st Floor, India Habitat Center Complex Lodi Road, New Delhi - 110 003, INDIA</i>

Timetable

Concept Clearance	09 May 2013
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Fact Finding	01 Apr 2014 to 11 Apr 2014
MRM	29 May 2014
Approval	30 Oct 2014
Last Review Mission	-
Last PDS Update	09 Mar 2017

MFF Facility Concept 0087-IND

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	1,000.00	Cumulative Contract Awards			
ADB	500.00	-	0.00	0.00	%
Counterpart	500.00	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

Project Page	https://www.adb.org/projects/46268-001/main
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