



India: Off-Grid Prepaid Solar Leasing Project

Project Name	Off-Grid Prepaid Solar Leasing Project		
Project Number	49238-001		
Borrower/Company	Simpa Energy India Private Limited		
Country	India		
Location			
Approval Number	8298/8298		
Type or Modality of Assistance	8298/8298	Loan	US\$ 6.00 million Approved
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Private sector development		
Sector / Subsector	Energy - Renewable energy generation - solar		
Gender Equity and Mainstreaming	Some gender elements		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Portfolio Management Division, PSOD		
Responsible ADB Officer	Samarendra Singh		
Project Sponsor(s)			
Description	<p>A debt facility of up to \$6 million using third-party donor capital from the ADB-administered Clean Technology Fund (CTF) to Simpa Energy India Private Limited to allow the company to expand its deployment of pre-paid off-grid solar home systems in the state of Uttar Pradesh (UP), India. Simpa is an early-stage energy-access company providing solar-based energy solutions to rural customers who either lack access to electricity or receive only a few hours of electricity from their grid connection each day. The company has received early stage funding from venture capital investors and is showing year-over-year revenue growth. In 2013, ADB made a \$2 million investment in Simpa for a stake in the company.</p> <p>Simpa's customers make a small down payment for a solar photovoltaic (PV) home system and subsequently pre-pay for daily energy service, topping up their systems in small user-defined increments via SMS. Each payment also amortizes the final cost of the system. Once fully paid (typically 2-3 years after initial purchase, depending on the payment plan) the system unlocks permanently and continues to produce electricity for the customer without any further payments (essentially a lease model). This transforms recurrent energy expenditures (that would otherwise be spent on kerosene or candles) into an asset purchase. Simpa has reached over 13,800 customers by end of July 2015 through a distribution network of 9 branches.</p>		
Objectives and Scope	<p>The project will (i) improve access to electricity in rural India, the availability of which can yield a myriad of benefits such as improved education outcomes as children can study after sunset, improved hygiene etc.; (ii) reduce greenhouse gas emissions by substituting kerosene with solar energy thereby also improving air quality and benefiting the respiratory health of household members; and (iii) have gender benefits due to female beneficiaries. Successful implementation of this off grid energy solution across India could also have a demonstration effect in neighboring Bangladesh, Nepal and Pakistan, which have chronic power shortages and a high percentage of un-electrified rural households. Further capital infusion will also give credence to the case for increasing financing for innovative off-grid renewable energy solutions in South Asia.</p> <p>The project will result in increased access to clean energy for a quarter of a million households by 2017, while avoiding 162,951 tons of CO2 emissions annually.</p> <p>The successful implementation of the project will result in production of at least 103.3 gigawatt-hours per annum from clean energy with locally purchased goods and services amounting to Rs 1.6 billion by 2017. Simpa's marketing initiative will also reach 25,000 women beneficiaries.</p>		

Linkage to Country/Regional Strategy	The proposed financing is consistent with ADB's Midterm Review of Strategy 2020 as it relates to two of the five core focus areas of infrastructure and environment. Under Strategy 2020, ADB is committed to expanding the supply of energy in an environmentally sustainable way. The investment is also aligned with the India Country Partnership Strategy (CPS) 2013-2017 which highlights access to energy as one of key areas of ADB's engagement.
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Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	In compliance with ADB's Safeguard Policy Statement (2009), the project is classified as category C for environment, involuntary resettlement, and indigenous peoples.
Involuntary Resettlement	In compliance with ADB's Safeguard Policy Statement (2009), the project is classified as category C for environment, involuntary resettlement, and indigenous peoples.
Indigenous Peoples	In compliance with ADB's Safeguard Policy Statement (2009), the project is classified as category C for environment, involuntary resettlement, and indigenous peoples.
Stakeholder Communication, Participation, and Consultation	

Timetable for assistance design, processing and implementation

Concept Clearance	23 Jun 2015
Due Diligence	12 Aug 2015
Credit Committee Meeting	14 Sep 2015
Approval	01 Dec 2015
Last PDS Update	23 Sep 2015

Project Page	https://www.adb.org/projects/49238-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=49238-001
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