Early Warning System

ADB-49419-001

Solar Rooftop Investment Program

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Quick Facts

Countries	India
Financial Institutions	Asian Development Bank (ADB), World Bank (WB)
Status	Approved
Bank Risk Rating	C
Voting Date	2016-09-30
Borrower	Punjab National Bank, State Bank of India, National Bank for Agriculture and Rural Development
Sectors	Energy, Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 500.00 million
Loan Amount (USD)	$ 500.00 million
Project Cost (USD)	$ 505.00 million

Project Description

According to the ADB, the proposed $505 million sovereign-guaranteed Solar Rooftop Investment Program (SRIP) is a multitranche financing facility, consisting of $500 million financial intermediation loans and a $5 million capacity development technical assistance. As requested by the Government of India, Punjab National Bank would be the borrower, and the India would provide a sovereign guarantee to the Asian Development Bank for the SRIP. The SRIP intends to primarily finance large solar rooftop systems on industrial and commercial buildings on standalone or aggregated basis. Punjab National Bank's loans to subborrowers will be priced based on Punjab National Bank's cost of funds and subproject-specific risks. The proposed accompanying technical assistance for $5 million is critical to integrate the building blocks of the Government of India's sector development initiative to ensure a viable market demand, by strengthening (i) Punjab National Bank's institutional capacity, and (ii) certain market development elements. SRIP's value addition, inclusive of $330 million from ordinary capital resources and $170 million from Clean Technology Fund, is to facilitate India's transition to a low carbon economy and therefore contribute to the climate change goal of reducing greenhouse gas emissions by 441,700 tons of carbon dioxide equivalent annually, or about 11 million tons of carbon dioxide equivalent over the typical 25-year lifetime of rooftop solar systems.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

The Government of India (government) plans to expand the country's solar rooftop capacity by 40 gigawatts (GW) by 2022. To fuel India's economic growth, its power system will have to expand rapidly over the next decade. This is also to maintain national energy security and expand energy access to all people in India. To ensure environmental sustainability, the government places a high priority on renewable energy development. India's National Action Plan on Climate Change (prepared in 2008) outlines existing and future policies and programs addressing climate mitigation and adaptation. Under the plan, the government launched the Jawaharlal Nehru National Solar Mission (JNNSM) in 2010 to add 20 GW of grid connected solar energy by 2022. On 17 July 2015, the Union Cabinet approved a revised JNNSM proposal to increase the original 20 GW solar energy target to 100 GW by 2022, including 40 GW of rooftop solar energy generation. The proposed Solar Rooftop Investment Program would therefore (i) establish a solar rooftop financing facility at Punjab National Bank to provide dedicated debt financing to help India meet its 40 GW solar rooftop capacity target by 2022; and (ii) provide associated institutional capacity and market development support, leading to a pipeline of bankable subprojects.

Early Warning System Project Analysis

The ADB stated that the project risks have been "categorized as FI, treated as C."

Investment Description

- Asian Development Bank (ADB)
- World Bank (WB)

Amount
MFF Facility Concept 0095-IND: Solar Rooftop Investment Program
Ordinary capital resources US$ 330.00 million

Clean Technology Fund US$ 170.00 million

TA 9187-IND: Solar Rooftop Investment Program
Clean Technology Fund US$ 5.00 million

MFF Facility Concept: Solar Rooftop Investment Program
World Bank (IBRD) US$ 647.90 million

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- National Bank for Agriculture and Rural Development (NBARD) (Financial Intermediary)
- Punjab National Bank (PNB) (Financial Intermediary)
- State Bank of India (Financial Intermediary)

Private Actors Description

As stated by Bloomberg, Punjab National Bank provides financial services such as corporate and personal banking, industrial finance, agricultural finance, financing of trade and international banking. The Company provides services to domestic conglomerates, medium and small industrial units, exporters, non-resident Indians and multinational companies.

National Bank for Agriculture and Rural Development (NABARD) operates as a bank. The Bank offers institutional credit, direct finance, and other banking services for agriculture and rural development. NABARD serves communities in India.

State Bank of India provides a wide range of banking and financial services to corporate, institutional, commercial, agricultural, industrial and individual customers throughout India. The Bank also provides international banking to its Indian customers and has operations in other countries.

Contact Information

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

CONTACTS

Responsible ADB Officer Acharya, Jiwan S.
Responsible ADB Department South Asia Department
Responsible ADB Division India Resident Mission
Executing Agencies Punjab National Bank
7, Bhikhaiji Cama Place

Bank Documents

- Project Disclosure PDF
- Solar Rooftop Investment Program: Facility Administration Manual [Original Source]
- Solar Rooftop Investment Program: Framework Financing Agreement [Original Source]
- Solar Rooftop Investment Program: Initial Poverty and Social Analysis [Original Source]
- Solar Rooftop Investment Program: Project Data Sheet (hindii)
- Solar Rooftop Investment Program: Report and Recommendation of the President [Original Source]

Media

- ADB to Provide India $500 Million for Solar Rooftop Systems

Other Related Projects

- ADB-49419-002 Solar Rooftop Investment Program - Tranche 1
- ADB-49419-003 Solar Rooftop Investment Program (Tranche 2)
- ADB-49419-004 Solar Rooftop Investment Program (Tranche 3)
- ADB-49419-005 Solar Rooftop Investment Program (Tranche 4)