Early Warning System

ADB-49419-002

Solar Rooftop Investment Program - Tranche 1

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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	2016-10-07
Borrower	Punjab National Bank
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 100.00 million

Project Description

DESCRIPTION

The proposed tranche 1 is a $100 million financial intermediation loan inclusive of a capacity development technical assistance (estimated utilization of the TA during tranche 1 is $2 million). 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.

IMPACT

Energy security provided to all in an environmentally sustainable manner, and renewable energy developed

CONSULTING SERVICES

All procurement to be financed under the multitranche financing facility would be carried out in accordance with Asian Development Bank (ADB)'s Procurement Guidelines (2015, as amended from time to time), following stated eligibility criteria. ADB encourages Punjab National Bank 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, Punjab National Bank would 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. Solar panels procured under the India domestic content requirement would not be eligible for financing under the Solar Rooftop Investment Program. ADB loan proceeds would be disbursed in accordance with ADB's Loan Disbursement Handbook (2015, as amended from time to time). ADB may provide Punjab National Bank with United States dollars as the currency of payment.

PROCUREMENT

Early Warning System Project Analysis

The ADB stated that project risks are "categorized as FI, treated as C."

Investment Description

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

Loan 8309-IND: Solar Rooftop Investment Program - Tranche 1
Clean Technology Fund US$ 100.00 million

Loan: Solar Rooftop Investment Program - Tranche 1
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.

- Punjab National Bank (PNB) (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.

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

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Bank Documents

- Project Disclosure PDF

Other Related Projects

- ADB-49419-001 Solar Rooftop Investment Program
- 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)