Early Warning System

# ADB-49419-004

## Solar Rooftop Investment Program (Tranche 3)

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### Quick Facts

| | |
|---|---|
| **Countries** | India |
| **Financial Institutions** | Asian Development Bank (ADB) |
| **Status** | Approved |
| **Bank Risk Rating** | U |
| **Voting Date** | 2024-07-10 |
| **Borrower** | National Bank for Agriculture and Rural Development |
| **Sectors** | Energy |
| **Investment Type(s)** | Loan |
| **Investment Amount (USD)** | $ 150.00 million |
| **Loan Amount (USD)** | $ 150.02 million |

## Project Description

According to ADB documents, NABARD is mandated to provide finance/refinance grid-connected solar rooftop installations and contribute to achieving the Government of India's (GOI) ambitious set target in grid-connected solar rooftop installations. The GOI has set an ambitious goal of reaching 40 GW in total solar capacity, with 10.9 GW of grid-connected solar rooftop installations already in operation, and there is vast potential for augmenting the lending portfolio to solar rooftop installations across India. NABARD has thus drawn up plans to expand its lending portfolio/investments in this sector, enabling the transition towards low-carbon and climate-resilient operations and achieving the voluntary goal of carbon neutrality in the coming decade. NABARD already has a line of credit for the solar rooftop segment for commercial, industrial, and residential housing sectors to provide long-term and affordable financing through the Green Climate Fund (GCF). NABARD is accredited as a national implementing entity (NIE) for the implementation of feasible climate adoption projects in India under the Adaptation Fund (AF), set up under the Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC).

On October 2023, the government submitted to ADB a periodic financing request (PFR) for each tranche 2 and 3 to be provided to the SBI and NABARD, respectively. Each PFR is aligned with a financing framework agreement (FFA), which was revised and agreed on the government, the SBI and NABARD. In the revised FFA, the MFF's roadmap and policy framework have been unchanged since the program remains highly important to achieve the government's intended outcome of increased solar rooftop capacity in India. To enable the SBI and NABARD to take over implementation, the MFF availability period was extended until 30 September 2026 over 10 years Along based on the major change. Furthermore, the Ministry of New and Renewable Energy (MNRE) became the oversight body in place of the PNB Board to supervise overall program implementation.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

On 4 July 2023, ADB approved a major change in the facility to restructure the program. This was because PNB was unsuccessful in implementing the program effectively. In view of PNB's nonperformance, the Government of India, as the loan guarantor, has requested ADB to include additional borrowers in the program. Under the major change, the State Bank of India (SBI) and the National Bank for Agriculture and Rural Development (NABARD) were identified as the additional borrowers to implement the subsequent tranches of the MFF. PNB's tranche 1 loan of $100 million has been reduced to $9.5 millionas requested by PNB and consented to by the Government of India. Given the major change, the SBI was expected to be the additional borrower for the unutilized balance of $90.5 million under the existing tranche 1, which would be processed separately as a new tranche 2, while NABARD was expected to be the borrower in parallel under the existing tranche 2 ($150 million) and existing tranche 3 ($250 million), which would also be processed separately as new tranches 3 and 4.

## Early Warning System Project Analysis

The ADB categorized the project risks as 'FI'.

### Investment Description

- Asian Development Bank (ADB)

### 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)

### Private Actors Description

National Bank for Agriculture and Rural Development (NABARD) is a development bank established in 1982 to foster rural prosperity and is wholly owned by the Government of India (GOI). NABARD partners with other banking and financial institutions and development-oriented government and non-governmental institutions with a mandate to promote sustainable and equitable agriculture and rural development. NABARD, with its headquarters in Mumbai, has 31 regional offices and over 400 development managers at the district level of all states and Union territories across India.

## Contact Information

| | |
|---|---|
| Responsible ADB Officer | Ogino, Kaoru |
| Responsible ADB Department | Sectors Group |
| Responsible ADB Division | Energy Sector Office (SG-ENE) |
| Executing Agencies | Nat'l Bank for Agriculture & Rural Dev (NABARD) |

ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.adb.org/forms/request-information-form

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: https://www.adb.org/site/disclosure/appeals

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.

## Bank Documents

- Environmental and Social Management System Arrangement November 2023 [Original Source]
- Project Disclosure PDF

## Other Related Projects

- ADB-49419-002 Solar Rooftop Investment Program - Tranche 1
- ADB-49419-001 Solar Rooftop Investment Program
- ADB-49419-003 Solar Rooftop Investment Program (Tranche 2)
- ADB-49419-005 Solar Rooftop Investment Program (Tranche 4)