

Project Summary

Project Overview	
Project Name	Canara Renewable Energy Financing Scheme
Country	India
Sector	Renewable Energy; Sustainable development
Approval Date (by the Board)	13 April 2016
Closing Date	–
Total Project Cost	USD 500 million
Loan Amount	USD 250 million
Borrower	Canara Bank
Implementation Agency	Canara Bank

I. Introduction

India stands out for its fast economic growth, in the backdrop of a slowing global economy. To sustain its long term economic growth, India is tackling the challenges in the energy sector. Primary energy consumption of India ranks third in the world, after China and the US. The country is shifting towards a greener fuel mix. Extensive national schemes have been designed to encourage renewable energy development, with a favorable policy environment. The Government of India has set a target of increasing the capacity of renewable energy to 175 GW. To achieve the target, an additional funding of USD 100 billion is needed. In this context, the Canara Renewable Energy Financing Scheme is proposed to support Canara Bank to finance renewable energy projects. The project is in alignment with the New Development Bank's (NDB) objective to accelerate green financing and promote renewable energy development.

II. Project Description

The objective of the project is to support renewable energy financing through the Renewable Energy Financing Scheme, established by Canara Bank. This financing scheme will help advance the Government of India's initiative in the renewable energy sector. The loan provided by NDB will be on-lent through Canara Bank to renewable energy sub-projects, including wind, solar, small hydropower, biomass, geo-thermal, waste-to-energy, and other renewable energy projects.

The project will help provide more liquidity for long term financing to on-lend to renewable energy projects. It will also enhance institutional capacity of Canara Bank to scale up lending for sustainable development in the energy sector.

III. Environmental and Social Aspects

The project contributes to a greener environment in India. It will increase power generation capacity from non-fossil fuel based energy resources in the country. The project aligns with the NDB's focus to support projects that aim at developing renewable energy sources.

Canara Bank will closely monitor safe disposal of the damaged or discarded solar panels in accordance with sound environmental practices to ensure compliance with the country's environmental legislative requirements and the NDB's environmental and social framework. Canara Bank shall ensure the implementation of safe working practices throughout the projects' lifespan.

IV. Financials

The overall capacity of the Canara Renewable Energy Financing Scheme is estimated to be USD 500 million. The proposed financing scheme from NDB includes a loan of USD 250 million, in 3 tranches: first loan tranche of USD 75 million, second loan tranche of USD 75 million, and third tranche loan of USD 100 million.

Financier	Amount (\$ million)
New Development Bank	250
Other Sources	100
Borrower	150

V. Implementation

The implementation agency is Canara Bank, with policy guidance and coordination support from the Ministry of New and Renewable Energy in India. Canara Bank will be required to use the proceeds of NDB's loan in accordance with the specified eligibility criteria. Sub-projects selection will also be subject to the eligibility criteria.



VI. Contact

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