

ADB partnership for renewable energy initiatives in Bangladesh



Solar Home System (SHS) Program

- **Status:** 3.5 million households (Jan/2015) or 140 MW since it started in 2003
- **Target:** 6 million households by 2018
- **Beneficiaries:** 15.7 million/10% of population
- **Savings:** Half a million ton in avoided CO² emissions
- **Job creation:** 75,000

Development partner contribution to IDCOL

in million USD

TOTAL DEVELOPMENT PARTNER SUPPORT	Total Loan Amount	Total Grant Amount
Credit Support	758	-
Grant Support	-	100
TOTAL	758	100

Mode of Financing: an Example

(a) Market Price of 20 Wp SHS	USD 150
(b) Buy-down Grant (Grant A) (USD 20/SHS)	USD 20
(c) System Price for Household [(b)-(a)]	USD 130
(d) Down Payment from Household to PO [15% of (c)]	USD 19.5
(e) Loan Payable from Household to PO [(c)-(d)]	USD 110.5
Loan Tenor	3 years
Interest Rate	16% p.a.
Monthly Installment Amount	USD 3.8
(f) IDCOL Refinance [80% of (e)]	USD 77~88
Loan Tenor	5~7 years
Interest Rate	6~9% p.a.



Solar PV Based Irrigation Pump Program

- **Target** : 1,550 solar irrigation pumps by 2017 (17 MW)
- **Beneficiaries** : 30,000 farmers
- **Average capacity** : Pump - 7 kW, Panel – 11 kWp
- **Average water flow**: 750,000 liters/day
- **Status**: 223 approved, 102 installed and 250 in the pipeline

Financing Structure

Project cost	USD 31,343
Grant amount (40% of project cost)	USD 12,537
Remaining Cost	USD 18,806
IDCOL Loan (40 % of project cost)	USD 12,537
Equity participation by the sponsor (20% of project cost)	USD 6,269

Financing terms	
Loan amount	USD 12,537
Loan Tenor	8 years (9 months grace)
Interest rate	6%
Principal repayment	29 equal quarterly installments
Security	Bank guarantee or land mortgage

Conclusion

- **Affordability barrier:** Overcoming the affordability barrier by providing long-term access to finance to households and capital buy-down by development partners plays an important role
- **Financing model:** Determine the appropriate finance structure is key in successfully adopting (renewable) technology and ensure wide diffusion
- **Sustainability:** ownership and partnership, nation-wide sales distribution, warranty and maintenance branch networks ensures long-term success