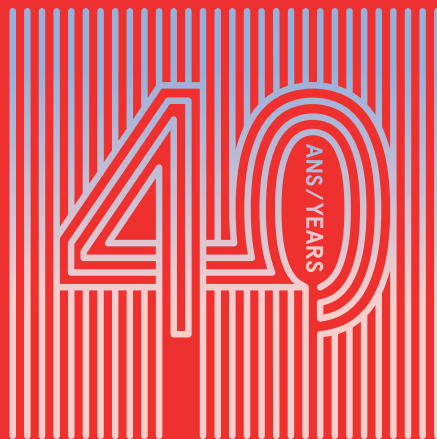


40 YEARS OF ACTION FOR DEVELOPMENT

Proparco – New Delhi Office

Press Kit – April 2018



PROPARCO
GRUPE AGENCE FRANÇAISE DE DÉVELOPPEMENT

40 years of growth

At Proparco, we strongly believe that the private sector holds a great responsibility in contributing to economic development while delivering significant positive impacts for the populations and the environment. That is why we have been offering long-term financing to banks and companies that can demonstrate their contribution to a sustainable development.

In addition to bringing much-needed financial resources, we are also dedicated to assisting our clients improve their environmental & social practices and governance. As we celebrate our 40th anniversary, we reiterate our commitment to helping the private sector bring sustainable economic, social and environmental benefits to Asian countries.

Philippe SERRES

Regional Head for Proparco in South Asia, based in New Delhi

PROJECTS:

over
750 projects
financed in the past decade

STAFF:

over
250 employees
and growing...

TAX REVENUES:

In 2017,
€180 millions
contributed to national tax revenues

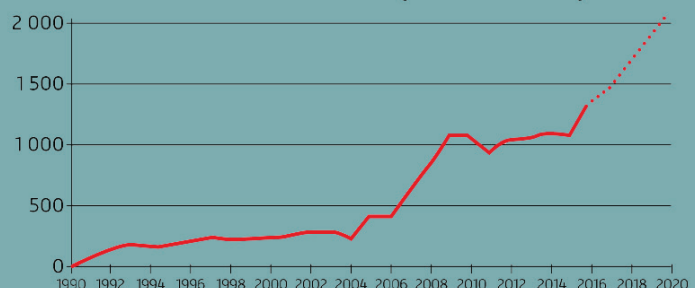
ASSISTANCE:

In 2017, Proparco helped
73% of its customers
improve their environmental & social practices

COMMITMENTS:

ramping up to meet the target of
€2 billion
in annual commitments by 2020

Annual commitments (in million euros)



New Delhi office

Proparco's Office for South Asia

Opened in 2008



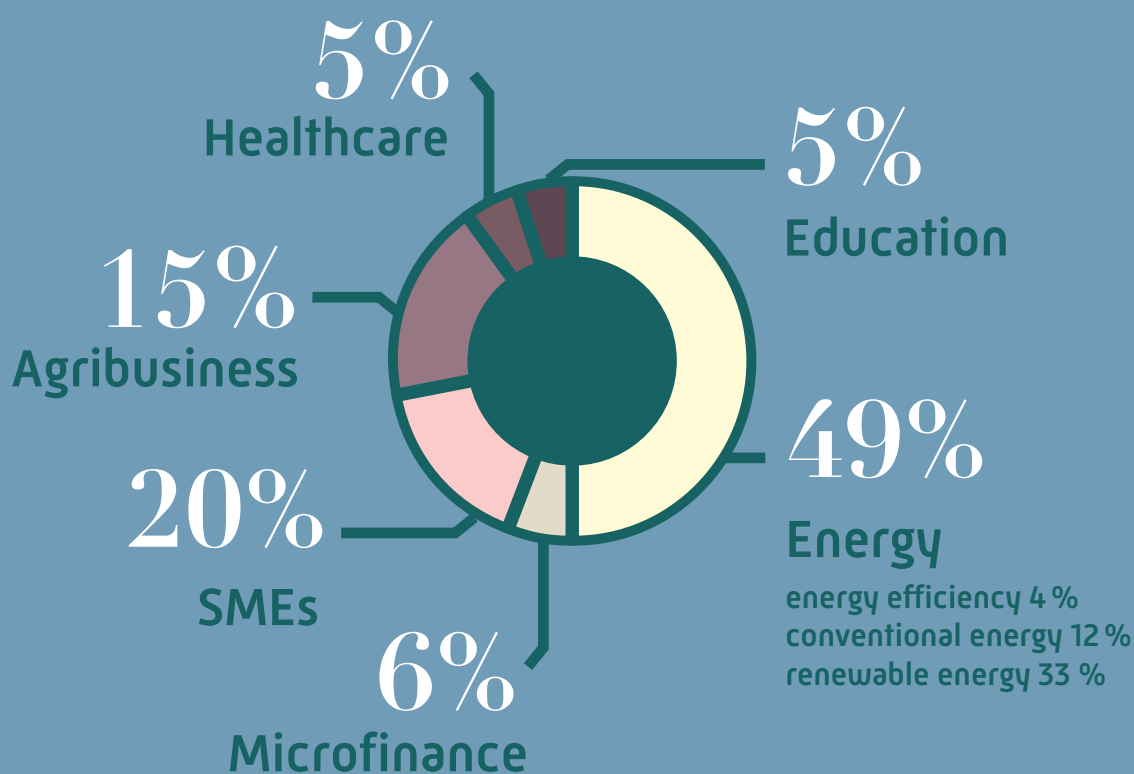
€ 786 million

signed in the past 10 years

58 projects

in the past 10 years

Priority Business Sectors



AZURE POWER



Supporting the development of solar energy



Azure Power © Abbie Trayler Smith Panos Pictures DFID Flickr

Azure Power kickstarted the solar industry in India by building the first grid-connected solar power plant in 2009. It is now one of the country's largest photovoltaic companies.

Proparco has been supporting it since 2013 to help it develop renewable energy projects in the country such as solar parks and solar rooftops.

CONTEXT

Support for green growth is at the heart of Proparco's activity in India.

In order to meet the growing need for electricity in India while limiting the climate impact, Proparco is supporting the development of renewable energy by assisting Azure Power, a leader among solar developers and operators in India.

PROJECT

After becoming an equity partner of Azure Power in 2013, Proparco reaffirmed its commitment in 2015 by contributing an additional US\$ 8.5 million to the company's capital base.

Alongside World Bank's International Finance Corporation (IFC) and Germany's DEG, Proparco has invested close to US\$ 18 million in Azure Power's capital to assist its growth and the development of new solar projects.

IMPACTS

The solar energy projects developed by Azure Power help meet India's electricity needs, while at the same time limiting greenhouse gas emissions and reducing the country's dependence on fossil fuels.

Since the time of Proparco's first investment, the company has increased its installed capacity from 52MW to 800 MW and is developing an additional 800MW.

This project contributes to the national objectives to develop solar energy.



2013 and 2015
Dates of signature



Energy
Sector



India
Location



Equity investment
Financing tool



US\$ 17.8 million
Amount of funding



Azure Power
Client



Solar kits for rural populations without access to electricity



© Christelle Thomas

To provide access to electricity for millions of people with poor or non-existent connections, Simpa develops off-grid systems and offers a prepaid service based on solar energy.

In 2016, Proparco invested over a million dollars in this Indian start-up to enable it to develop its business in various rural areas of the country.

CONTEXT

India has 360 million people without a reliable connection to any electricity grid, meaning it is more affected by a lack of access to modern energy services than any other country in the world.

To develop access to electricity for rural populations, Proparco is supporting Simpa Networks, India's leading company in the installation of off-grid systems. This start-up offers solar kits for connecting simple household equipment.

PROJECT

Simpa's customers are predominantly rural populations or micro-enterprises (shops, small restaurants, tea vendors, etc.) with poor or non-existent connections to the national electricity grid.

They make a small initial payment to have the solar kit installed, and then the service operates without a subscription fee. Simpa has therefore reproduced the highly effective pricing model applied to prepaid mobile phones («pay-as-you-go»).

The small sums paid by the customer for the service go towards the total purchase price. Once this has been paid in full, the customer becomes the owner of the system, which provides them with clean, reliable and free electricity.

In 2016, Proparco took a US\$ 1.1 million stake in the Indian start-up in order to support this innovative energy inclusion project and help it develop in different rural areas of the country.

IMPACTS

This project will provide populations with improved access to clean, reliable, affordable and flexible power. Simpa Networks is already providing access to electricity for nearly 100,000 people formerly deprived of this basic utility, 3,000 of whom are entrepreneurs and 48% women.

The aim is to achieve more than a million solar kits installed, thus helping 5 million people.



2016

Date of signature



Energy

Sector



India

Location



Equity Investment

Financing tools



US\$ 1.1 million

Amount of funding



Simpa Networks

Client

SONATA



The economic power of women boosted by microfinance



©Oriane Zerah for Proparco

Sonata is an Indian microfinance institution specialized in group loans.

As of December 2017, Sonata's 744,000 clients were all women. Proparco's equity investment in 2016 helps the company triple the size of its portfolio.

CONTEXT

Uttar Pradesh, with a population of 200 million people, is one of India's poorest states and with a very low penetration of financial services.

Access to microcredit can contribute to the liberation and empowerment of women, giving them increased revenues and better integration in the local economic life.

PROJECT

In November 2016, Proparco acquired a stake in Sonata for approximately US\$ 6.5 million. That investment reflects Proparco's strategy of encouraging responsible microlending in emerging economies and assisting microfinance institutions that show a commitment to social performance.

Through the support it provides, Proparco helps Sonata to achieve its aim of delivering microfinance service to low-income women transparently, swiftly and efficiently.

IMPACTS

It is estimated that Proparco's support will help Sonata triple the size of Sonata's portfolio to 1.6 million clients.

To ensure that its work benefits the target population, Sonata uses poverty assessment tools that measure household living conditions and assets. Sonata's lending activity also incorporates the client protection principles, in terms of transparency and prevention of client over-indebtedness, developed by the Smart Campaign initiative.

This project will also contribute to creating local employment, with the recruitment of 2,450 people to support the growth of Sonata's activity.



2016

Date of signature



Microfinance

Sector



India

Location



Equity

Financing tool



US\$ 6.5 million

Amount of funding



Sonata Finance

Client

JAIN IRRIGATION

Developing micro-irrigation in India



© Olivia Reveilliez

In India, Jain Irrigation System's micro-irrigation reduces the need for water and fertilizer on plantations. The company aims to increase its production capacity and support the farmers it works with.

CONTEXT

India is one of the world's leading cereal, fruit and vegetable producers. Despite its importance for India's economy, some of the most effective technological advances in the sector are little known and have been developed without attracting much attention.

Jain Irrigation System is a major international supplier of irrigation systems (drip, pivot and sprinkler). It is also one of India's main manufacturers of plastic pipes and sheets, dehydrated onions and mango concentrate.

Through micro-irrigation, which allows water to drop slowly to the roots of plants, Jain Irrigation is boosting farmers' revenues while reducing their water consumption.

PROJECT

Proparco's US\$ 25 million loans will support Jain Irrigation System's investment program. It will help the company increase its production capacity in India and abroad, to refinance some of its short-term debt facilities and to set up a financial institution which will provide loans to its farmer clients.

IMPACTS

This project intends to serve close to 400,000 people, 60% of whom are smallholder farmers. As micro-irrigation increases yields for the main crops grown in India by 30 to 50%, it is expected to improve farmers' incomes over the coming years.

By contributing to the development of micro-irrigation in India, the project also improves the environmental footprint of agribusiness activities. Micro-irrigation systems such as Jain's are estimated to considerably reduce water consumption while limiting fertilizer use.



2013

Date of signature



Agriculture

Sector



India

Location



Loan

Financing tools



US\$ 25 million

Amount of funding



Jain Irrigation System Ltd.

Client

LOK CAPITAL



Supporting an Indian-focused impact investor



© JP Barral

LOK Capital positions itself as one of the pioneers of investing in the financial inclusion and social sectors (health, agribusiness and education) in India.

Its third fund, in which Proparco invested in 2016, intends on expanding the impact of its investments to the benefit of India's most disadvantaged people.

CONTEXT

Financial inclusion has the potential to reduce inequality and increase economic growth through access to credit and the promotion of household savings. However, about one Indian in five remains unbanked or financially excluded today.

Through its LOK I and LOK II funds, LOK Capital has demonstrated the viability and impact of its investments. This is a business model Proparco has been able to witness directly as an investor in the LOK II fund and was keen to sustain.

PROJECT

The Growth Catalyst Partners (GCP) fund, also known as LOK III, will commit at least 70% of its capital towards financial inclusion (microfinance, SME financing, affordable housing financing) to the benefit of India's underserved. The remaining 30% are earmarked for agribusiness and health projects. LOK III will take minority stakes in businesses that respond to the major accessibility challenges of poor Indian populations.

At the same time, Proparco is cofinancing a € 331,000 Technical Assistance Facility with FMO to strengthen the operational capacities, the governance and the Environmental & Social performance of the companies invested in by the fund.

IMPACTS

Growth Catalyst Partners' investments are expected to bring significant outcomes in terms of employment, with over 22,000 jobs created or maintained. As financial inclusion investments tend to mostly serve women, GCP will also play an important role for gender equality.

The investments made in food and health projects will contribute to the Sustainable Development Goals n°2 (Zero hunger) and 3 (Good health and well-being).



2016

Date of signature



Microfinance - Agriculture - Health

Sectors



India

Location



Equity investment

Financing tool



US\$ 8 million

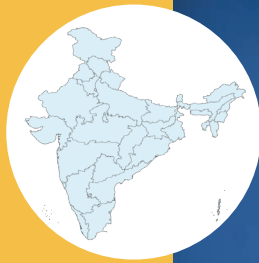
Amount of funding



LOK Capital - Growth Catalyst Partners

Client

SREI



Financing eco-friendly projects

© Jose-Luis Franco

The SREI Group is the Indian leader of equipment and infrastructure finance, providing various types of financial instruments to sectors crucial to India's growth.

Through two loans of US\$ 20million and US\$ 30 million in 2010 and 2018, Proparco is funding the portfolio of green projects which SREI is developing.

CONTEXT

India suffers from a deficit of infrastructure, especially in energy and transport, and this hampers its growth and development. Climate change is also creating opportunities to reduce the environmental impact of these projects.

The SREI Group offers a complete range of financial products to finance the needs of these projects and Proparco's loans were extended to help the group strengthen its footprint in green projects such as energy efficiency, renewable energy, water and waste management.

PROJECT

The first loan of Proparco was part of a US\$ 100 million debt facility provided with the FMO and DEG and to be repaid over 8 years. The funding was used by SREI, in partnership with BNP Paribas Lease Group, to finance more infrastructure and heavy machinery loans, both of which require long-term finance. The debt was allocated to projects contributing positively to the reduction of environmental impact.

Testimony of the satisfaction of both parties, Proparco decided to extend a further loan on its own for US\$ 30 million in 2018. This time, the funds went to the equipment finance arm of the group (SREI Equipment Finance) and were directed towards renewable energy projects.

IMPACTS

SREI was one of the first financial institutions in the country to provide financing to renewable energy projects and the company wants to double the proportion of projects in renewable energy, agriculture and health in its overall portfolio.

Its financing supports sectors that have the potential to decrease environmental impact, produce energy without greenhouse gas emissions and improve resource efficiency.



2010 and 2018
Dates of signature



Energy
Sector



India
Location



Loans
Financing tools



US\$ 50 million
Amount of funding



SREI Group
Client

HOW PROPARCO INVESTS

Proparco is a subsidiary of Agence Française de Développement (AFD) focused on private sector development. In line with the AFD's overall strategic direction and France's international cooperation policy, Proparco works to promote the emergence of a buoyant, innovative, socially responsible private sector in developing and emerging economies that can effectively contribute to sustainable economic growth, creating jobs, supplying essential goods and services and, more broadly, helping to reduce poverty and mitigate climate change.

Investment conditions and principles



TARGETS

Proparco supports the development of companies and financial institutions that are active in areas of key importance to development, both local organizations and international companies (particularly French) with operations in developing countries or seeking to expand there.



DEVELOPMENT IMPACT

The clients contribute heavily towards local development and this is a central feature of Proparco's strategy.



ADDITIONALITY

Proparco works to supplement the activities of local and international commercial banks without competing with them. Its operations focus on areas where its assistance is most needed and where it has the highest added value.



CLIENT RELIABILITY

All financing decisions are based on an in-depth analysis of the various risk factors – credit, social, environmental and other risks – related to clients and their projects.



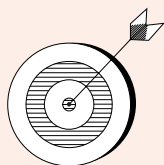
KNOCK-ON EFFECT

Proparco's financing aims to demonstrate the economic and financial viability of private enterprise in businesses and/or regions that investors tend to shy away from. In this sense, its operations have significant knock-on effects.



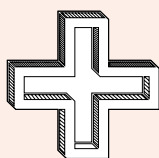
PROJECT PROFITABILITY

Projects cannot last unless they are profitable. Moreover, profitability is critical to the business model of an organization like Proparco and to its ability to attract additional funders.



OUR MISSION

Strengthen the private sector's contribution to the achievement of the Sustainable Development Goals (SDGs)



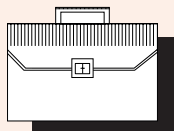
OUR ADDED VALUE

- + Expertise spanning multiple sectors and geographies
- + Ability to organize complex projects
 - + An international network
 - + Third-party funding (arrangement, syndication, credit facility management)
- + Good control of financial, environmental, social and other risks
- + Financial strength (as part of the AFD Group)
- + Co-financing arrangements with fellow development finance organizations (DEG, FMO, IIC, IFC)



OUR TOOLS

- Loans
 - Equity and quasi-equity investments
 - Investment funds
 - Guarantees
 - Technical assistance



OUR AREAS OF INVOLVEMENT

Agriculture and agribusiness
Banks and financial markets
Climate
Education
Industry

Infrastructure (energy, telecommunications, transport, water and sanitation)
Microfinance
Health
Tourism

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PROPARCO

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