ASIAN INFRASTRUCTURE INVESTMENT BANK

PROJECT LEARNING REVIEW REPORT SUMMARY

TATA CLEANTECH SUSTAINABLE INFRASTRUCTURE ON-LENDING FACILITY

SEPTEMBER 2025



Tata Cleantech Sustainable Infrastructure On-Lending Facility

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PROJECT LEARNING REVIEW (PLR) PURPOSE AND METHODOLOGY

This Project Learning Review (PLR) provides an independent assessment of Asian Infrastructure Investment Bank's (AIIB) Tata Cleantech Sustainable Infrastructure On-Lending Facility (the Facility). Conducted by the Independent Evaluation Function (IEF) of the Complaints-resolution, Evaluation and Integrity Unit (CEIU)[1], the PLR serves to advance accountability and learning at AIIB. This PLR presents a milestone for AIIB, as its first project evaluation of a nonsovereign-backed loan (NSBF) and the second PLR covering a financial intermediary (FI) project, offering insights into AIIB's growing FI portfolio.[2]

The PLR was conducted by CEIU from March to September 2025, comprising evidence from project documentation and data; interviews with AIIB staff; and a visit to India in May 2025 that included discussions with the Tata Cleantech Capital Limited (TCCL, hereafter referred to as the Client)[3], a site visit to a sub-borrower, and consultations with other stakeholders. Guided by AIIB's Learning and Evaluation Policy[4], the PLR assesses the project applying Organisation for Economic Cooperation and Development's Development Assistance Committee (OECD-DAC) evaluation criteria (relevance, effectiveness, efficiency, sustainability) as well as AIIB and client work quality. The PLR presents lessons and recommendations for AIIB's continuous improvement.

The PLR benefited from close engagement between the evaluation team and AIIB Management and received an official Management response covering all recommendations. CEIU presented the PLR report to the Policy and Strategy Committee (PSC) of AIIB's Board of Directors in September 2025. In accordance with AIIB's Policy on Public Information[5], the full PLR report remains confidential. This report summary is disclosed in lieu of the full report.

FACILITY DESIGN AND IMPLEMENTATION

Approved in Sep. 2019, this Facility was AIIB's third loan to an FI and its second NSBF FI project[6]. The Facility aimed to support sustainable infrastructure development in India by providing a USD75 million loan to TCCL.

1 AIIB CEIU Webpage. bit.ly/3JnRSsT

2 This PLR is AIIB's fourth PLR. See here for previous PLRs: News and Publications - Complaints-resolution, Evaluation and Integrity Unit (CEIU). bit.ly/43wGyBt

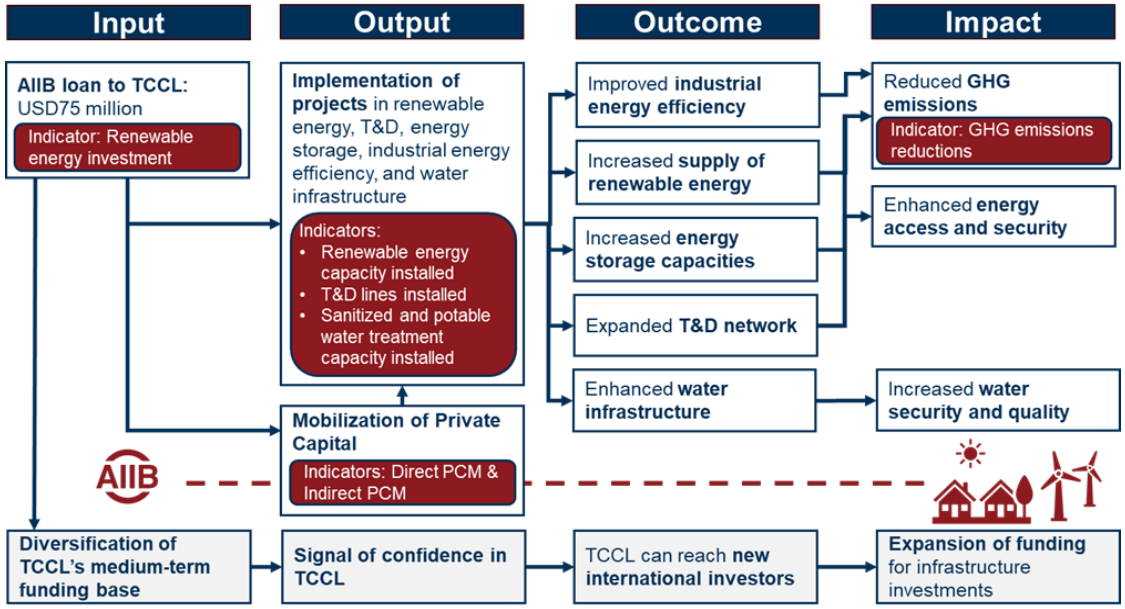
3 Tata Cleantech Capital Limited merged into Tata Capital Limited with effect from 1 January 2024. https://bit.ly/4ivfYzF

4 *AIIB Learning and Evaluation Policy.* (2021, May 19). bit.ly/4eujPKF

5 Policy on Public Information. bit.ly/42Sn8XD

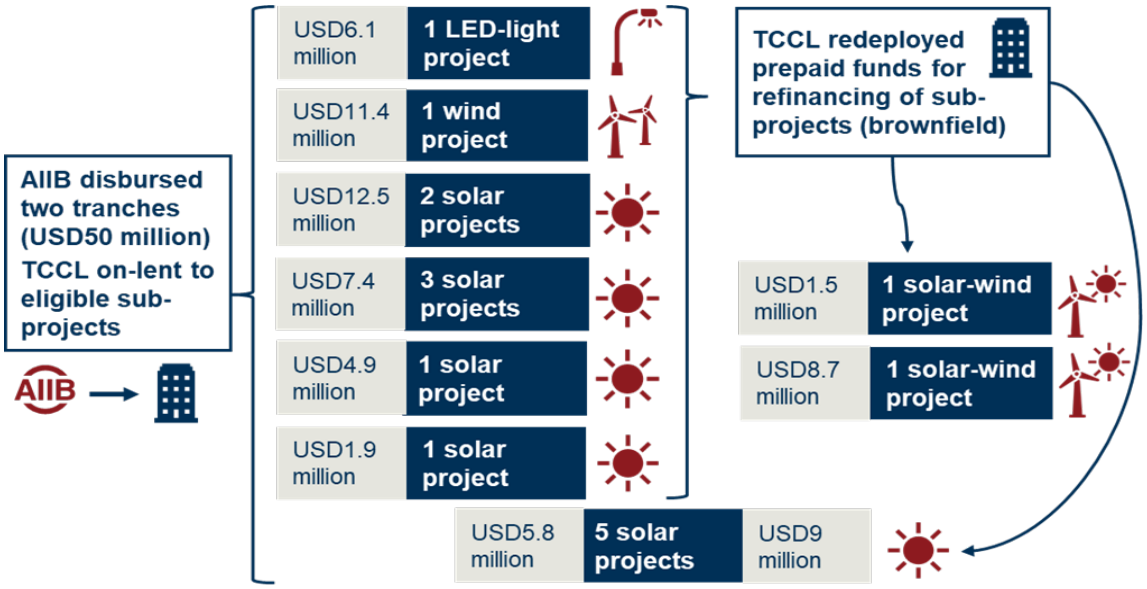
6 The first two AIIB loans to FIs were *Türkiye: TSKB Sustainable Energy and Infrastructure On-lending Facility* (approved Sep. 28, 2018). bit.ly/472t1Eb, and *India: L&T- Sustainable Infrastructure on-lending Facility* (approved July 11, 2019). bit.ly/47Am8de.

The project objective was to mobilize private capital for investments in sub-projects that will support: (a) increased supply of renewable energy generation, (b) expanded transmission and distribution network, (c) deployment of energy storage systems, (d) enhanced water infrastructure, and (e) improved industrial energy efficiency in India.



Note: GHG = greenhouse gas; PCM = private capital mobilization; T&D = transmission and distribution.
Source: AIIB CEIU (based on project documentation).

The loan was to be disbursed in three tranches, offering the Client drawdown in either Indian rupee (INR) or USD. Ultimately, two tranches totaling USD50 million were disbursed between 2020-2021. The Client opted not to draw down the third tranche, as cheaper local financing had become available. The funds were on-lent to 16 sub-projects implemented by five sponsors, including 12 solar power plants, two hybrid solar-wind projects, one wind power plant, and one urban LED street-lighting project, all of which became operational prior to the Facility's completion. This portfolio contributed to 651 MW of renewable capacity and an estimated reduction of 1.94 million tons of CO_2 equivalent (tCO_2e) in 2020-2023. The Facility was fully and timely repaid by May 14, 2024.



Source: Project Completion Note (PCN) (Nov. 2024, p. 2). bit.ly/4hm2WDh, PIMRs. INR converted to USD at the average exchange rate in 2020 USD-INR 74.16.

Environmental and social (E&S) arrangements were based on TCCL's Environmental and Social Management System (ESMS), aligned with IFC's Performance Standards and strengthened through a "Bridge Document" action plan. All sub-projects were Category B, with risks mitigated via Environmental and Social Management Plans and oversight. No major issues or grievances were reported. During implementation, AIIB consented to non-material amendments, including increased refinancing caps, treatment of AIIB participation limits, and extended availability periods.

FACILITY ASSESSMENT

The Facility is rated overall as Successful, reflecting its strong performance across all evaluation criteria. It was relevant to India's national priorities and AIIB's strategies, effective in delivering renewable energy capacity and GHG reductions, efficient in implementation and repayment, and most likely sustainable given institutional and policy support. Both AIIB and client work quality were satisfactory. Importantly, the operation generated significant institutional learning for AIIB's FI portfolio.

RELEVANCE – RELEVANT

The Facility was well-aligned with India's National Electricity Plan, water sector priorities, and climate commitments, as well as AIIB's corporate and sector strategies. TCCL's clean energy focus and market position made it a suitable client. However, design gaps included a weak results chain, unclear beneficiary articulation, and broad eligibility that diluted focus. While AIIB provided needed liquidity at approval, subsequent market shifts limited financial additionality. Non-financial additionality was evident through E&S capacity building and signaling effects.

EFFECTIVENESS – EFFECTIVE

The Facility financed 16 sub-projects, which contributed to 651 MW of electricity capacity and an estiamted reduction of 1.94 million tCO_2e between 2020–2023. The Facility also supported private capital mobilization (PCM), reporting INR17.13 billion in direct and indirect mobilization. Yet, effectiveness was limited by the absence of a clear results chain, deficiencies in the results measurement framework (RMF), attribution issues in outcome reporting, and limited alignment with joint multilateral development bank (MDB) methodologies. This reduced comparability and perceived credibility of AIIB reporting. In addition, the Facility's deferred mobilization potential - central to its catalytic design - was not captured.

EFFICIENCY – EFFICIENT

Disbursements and implementation were timely, with smooth redeployment of prepaid funds. AIIB and TCCL adjusted flexibly to market and pandemic conditions. All sub-projects were operational without major delays despite COVID-19 disruptions. However, while operational efficiency was evident at the Facility level, the FI structure limited AIIB's visibility into sub-project-level efficiency, with lack of financial/economic analysis constraining a fuller efficiency assessment.

SUSTAINABILITY – MOST LIKELY SUSTAINABLE

Sub-projects benefited from supportive national policies, contracted revenues, and capable sponsors. TCCL demonstrated strong institutional and financial capacity, while ESMS improvements ensured compliance. Moderate E&S risks were well managed, with no major issues reported.

AIIB WORK QUALITY – SATISFACTORY

AIIB selected a highly suitable client and ensured compliance through due diligence, supervision missions, and flexible responses to market shifts. Documentation and RMF depth and consistency could have been stronger.

CLIENT WORK QUALITY – SATISFACTORY

TCCL effectively deployed funds, demonstrated strong institutional commitment to address E&S management gaps, and ensured compliance. Initial public offering preparations intervened with PLR coordination, but cooperation during the evaluation was constructive.

LESSONS LEARNED

Lesson 1: Advancing Internal Guidance for FI Projects as a Strategic Priority

The PLR reconfirms the strategic importance of issuing internal guidance for FI projects. Like the earlier PLR of the TSKB Sustainable Energy and Infrastructure On-lending Facility[7], this case revealed gaps in sub-project eligibility criteria, appraisal expectations, and RMF design. Without structured guidance, project teams can face difficulty ensuring consistency, clear target setting, and comparability across operations.

Lesson 2: Preserving Additionality in Financial Intermediary Operations

The non-disbursement of the third tranche underlines the importance of maintaining additionality, even at the cost of smaller business volume. While market-priced lending lost competitiveness, AIIB avoided crowding out private finance. At the same time, the non-financial additionality value came through E&S strengthening and signaling. Future FI operations must improve the framing of these non-financial contributions as value-adding for clients rather than as compliance burdens.

Lesson 3: Results Reporting for FI Projects

As in previous FI PLRs, results reporting remained output-heavy and insufficiently aligned with MDB frameworks. Broader outcomes such as electricity access and affordability were not captured. PCM reporting lacked methodological rigor, including treatment of captive infrastructure, equity attribution, and deferred mobilization. Weak RMFs and reporting practices limit evaluability, comparability, and impact claims credibility.

7 TSKB Sustainable Energy and Infrastructure On-lending Facility. http://bit.ly/472t1Eb,

Lesson 4: Calibrating E&S Oversight Proportionately

A single FI category limits the ability to tailor E&S oversight. Uniform requirements may overburden low-risk clients while under-protecting higher-risk portfolios. A tiered approach (e.g., FI-1 high risk, FI-2 moderate, FI-3 low) would allow more efficient and risk-proportionate supervision.

Lesson 5: Advancing from Fragmentation to Coherence in E&S Monitoring

Absence of standardized Annual Monitoring Report templates across FI clients has led to fragmented practices. Inconsistent content and quality limit AIIB's ability to compare across FIs, aggregate portfolio risks, and extract institutional lessons. Standardization, scaled by risk, would strengthen strategic oversight.

Lesson 6: Completion Assessment Timeliness in NSBF Projects

AIIB's current practice of linking NSBF Project Completion Notes (PCNs) to final repayment undermines learning, especially for long-tenor projects. This PLR was feasible only because short tranches were used. Earlier or interim PCNs, aligned with operational milestones, would secure timely learning and client engagement, strengthening the value of PLRs.

RECOMMENDATIONS

The identified lessons lead to the following five recommendations for AIIB's Management to enhance AIIB's processes and approach for future projects.

1. **Issue a Guidance Note to Support Proportional E&S Oversight in FI Operations.**
2. **Promote Consistency through a Risk-Tiered, Standardized Monitoring Framework for FI projects.**
3. **Ensure Full Alignment with MDB Frameworks for Outcome and Impact Reporting in FI Projects.**
4. **Explore Opportunities for Advancing the Preparation of PCNs for NSBF Projects to Enhance Timely Learning.**
5. **Explore Mechanisms for Enhancing AIIB's Value Proposition and Additionality for FI Projects.**



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The Independent Evaluation Function (IEF) of the Asian Infrastructure Investment Bank (AIIB) conducts Project Learning Reviews (PLRs) for selected closed projects, promoting accountability and learning at AIIB. This PLR report presents the findings of the independent evaluation on the Tata Cleantech Sustainable Infrastructure On-Lending Facility in India. Approved in September 2019, this Facility provided USD 75 million for Tata Cleantech Capital Limited (TCCL) to finance renewable energy, power transmission and distribution, energy storage, industrial energy efficiency, and water infrastructure construction projects in India. The PLR identifies lessons learned and presents recommendations for improvements in AIIB's processes and projects. This note presents a summary of the key findings of the PLR. The full report remains confidential for internal use.

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