

Government of India and the World Bank sign \$300 Million Agreement to help scale-up India's Energy Efficiency Program

The Government of India and the World Bank signed a US\$220 million Loan Agreement and a US\$80 million Guarantee Agreement for the **India Energy Efficiency Scale-Up Program**. The Program, to be implemented by the Energy Efficiency Services Limited (EESL), will help scale-up the deployment of energy saving measures in residential and public sectors, strengthen EESL's institutional capacity, and enhance its access to commercial financing.

The Agreement for the Project was signed by Mr. **Sameer Kumar Khare**, Joint Secretary, Department of Economic Affairs, Ministry of Finance, on behalf of the Government of India and Mr. **Hisham Abdo**, Acting Country Director, World Bank India, on behalf of the World Bank.

The investments under the Program are expected to avoid lifetime greenhouse gas emissions of 170 million tons of CO₂, and contribute to avoiding an estimated 10 GW of additional generation capacity. This would be over 50 percent of the National Mission for Enhanced Energy Efficiency target of 19.6 GW indicated in India's Nationally Determined Contributions (NDCs) under the Paris Accord.

The main objective of this Program is to tackle the financing, awareness, technical and capacity barriers faced by new energy efficiency programs and support the UJALA program of the Government of India. This is one of the several steps being taken by the Government of India to

meet its climate change commitments to reduce carbon intensity by 33-35% by 2030.

The Key Components of the Operation include: Creating sustainable markets for LED lights and energy efficient ceiling fans; facilitating well-structured and scalable investments in public street lighting; developing sustainable business models for emerging market segments such as super-efficient air conditioning and agricultural water pumping systems; and strengthening the institutional capacity of EESL. Moreover, the Program will help to increase private sector participation in energy efficiency, including through private sector energy service companies. Under the Program, EESL will deploy 219 million LED bulbs and tube lights, 5.8 million ceiling fans, and 7.2 million street lights, which will be supplied by private sector manufacturers and suppliers.

India's energy efficiency market, estimated to be over \$12 billion per year, continues to face implementation barriers, particularly in the residential and public sectors, which have some of the largest untapped potential for energy efficiency improvements. Building upon its experience of UJALA and SLNP, EESL is now expanding its initiatives to other energy efficiency measures

The financing under the India Energy Efficiency Scale-Up Program will not only help EESL to continue achieving the results under its existing initiatives but also strengthen its institutional capacity and ability to meet its future expanding needs by leveraging private ESCO industry and increased access to a wider range of external commercial financing sources.

This energy efficiency Program will facilitate India to meet its NDC commitments and move further towards a more resource-efficient growth path. He further said that the additional guarantee from the World Bank will support EESL to access new sources of commercial funding, diversify its investor base, and establish a track record for future access to financial markets.

The **\$220 million loan**, from the International Bank for Reconstruction and Development (IBRD) to EESL, has a 5-year grace period, and a maturity of 19 years. The **\$80 million IBRD guarantee** will partially cover re-payment risks to commercial lenders or investors, to enable EESL to raise funds for its program.

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Warm regards,

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