

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB) has a long-standing relationship with the power sector entities in India including the National Thermal Power Corporation, Power Grid Corporation of India, Rural Electrification Corporation of India, and Indian Renewable Energy Development Agency. ADB will be making the first loan of \$200 million to the public sector organization Energy Efficiency Services Limited (EESL) for investment in energy efficiency and demand-side management (DSM) projects and programs in India.
2. EESL is a commercial organization under the Ministry of Power and is implementing energy efficiency programs in municipal, agricultural, and domestic sectors. It is sourcing debt from multilateral and/or bilateral sources as well as commercial sources. EESL has developed a business plan that envisages investment of over Rs25,000 crores<sup>1</sup> in various projects in the next 3 years. Of this, about Rs14,000 crores will be invested in light emitting diode (LED) lighting. Some of the other programs are domestic efficient lighting program (DELP), energy efficient ceiling fans, municipal street-lighting program, agricultural demand side management based - based energy-efficient pumps program, and LED tube-light program. The total debt required is likely to be about Rs17,500 crores.
3. German development cooperation through KfW has already made a loan of €50 million for projects on energy efficiency in public buildings and infrastructure. The loan has been fully utilized by EESL for implementation of projects in municipal street lighting and DELP (now UJALA) in Puducherry and Andhra Pradesh. KfW is also in the process of making available another €200 million to EESL for projects in domestic appliances, street lighting in municipalities, and agricultural DSM for energy-efficient pumps.
4. The Agence Française de Développement (AFD) has provided a loan of €50 million to EESL to establish its business and support investments, which will allow energy savings by Indian municipalities, more specifically in public lighting and buildings. This loan is in accordance with the mandate of AFD in India, defined with the Indian authorities in 2008, which is focused on green and inclusive growth. The support provided by AFD is to enhance energy efficiency in India, with the ongoing cooperation of EESL for the promotion of LED lighting, and its future support for the construction of green housing, especially for lower income groups.
5. The World Bank and the Government of India signed a \$43 million grant and guarantee agreement towards the Partial Risk Sharing Facility for the energy efficiency, which will help enterprises and energy service companies mobilize commercial finance for investments in energy efficiency initiatives. The technical assistance and capacity building component of \$6 million is funded by the Global Environment Facility and managed by the Small Industries Development Bank of India and EESL.
6. EESL has borrowed about Rs700 crores from a host of public sector and private banks in India to meet short term working capital expenditure on energy efficiency projects.

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<sup>1</sup> Foreign exchange rate is \$1 = Rs67 as of July 2016. A crore is a unit in the Indian numbering system equal to ten million.

### Major Development Partners

Development Partner	Project Name	Duration	Amount (million)
ADB	Demand Side Energy Efficiency	2016–2020	\$200
World Bank	Partial Risk Sharing Facility for Energy Efficiency	2014–2021	\$43
AFD	Energy Savings Projects in Indian Municipalities— Public lighting and Buildings	2015–2019	€50
KfW	Energy Efficiency in Public Buildings and Infrastructure	2014–2018	€50
KfW	Energy Efficiency projects in Lighting and Infrastructure	2016–2023	€200
USAID	Energy Conservation Commercialization Program	2000–2009	\$23
	Distribution Reforms, Upgrades and Management	2004–2011	\$13
	Water Energy Nexus	2005–2011	\$5
	Partnership to Advance Clean Energy	2009–ongoing	\$20

ADB = Asian Development Bank, AFD = Agence Française de Développement, KfW = German Development Bank, USAID = United States Agency for International Development.

Source: Energy Efficiency Services Limited; USAID. 2011. US–India Clean Energy Partnership.

[http://pdf.usaid.gov/pdf\\_docs/PA00JRNB.pdf](http://pdf.usaid.gov/pdf_docs/PA00JRNB.pdf)

### B. Institutional Arrangements and Processes for Development Coordination

7. ADB, KfW, AFD, and the World Bank are supporting the EESL's DSM business plans and projects. EESL has agreed to ensure there will be no project overlap in the donor funding, and the target programs and states as well as the geographic demarcation will be agreed upon with respective donor agencies. KfW has supported EESL through an initial funding of €50 million and is in the process of signing another €200 million. AFD has also financed up to €50 million for DELP and streetlight municipal projects.

### C. Achievements and Issues

8. **Environmental, Occupational Health and Safety and Social Policy Guideline.** The Environmental, Occupational Health and Safety and Social (EHSS) manual outlines EESL's vision, objectives, management system, and governance controls on these subjects. Through the guideline and associated standard operating procedures, EESL intends to integrate the environmental, social, occupational health, and safety principles of Indian national and state regulations, the International Finance Corporation, and/or World Bank Performance Standards as well as other international guidelines with the working strategy of the company. EESL has designed the standards to be in line with a number of sector and regional best practices. EESL also recognizes that certain EHSS requirements that may come up from time to time and is committed to assessing the feasibility of its integration into their standards. The main objective of the EHSS manual is to identify and mitigate EHSS risks in offices and on-site EESL operations. The risks pertain to EESL's own operations and the operations of its vendors and sub-contractors. The identification and mitigation of EHSS risks is also interlinked with its integration into EESL's decision-making processes for new and existing projects. Since the date of first approval, the manual applies to all EESL operational and managed sites, covering ongoing and current projects, new projects, corporate offices; and all employees, contractors, and service suppliers. The manual requirements apply to the entire cycle (including planning, assessment, exploration, evaluation, design, development, operation, and closure) of the project, vendors, and subcontractors working with EESL. The vendor appointed by EESL must inform all vendors, subcontractors, and the lower tiers of their supply chains about the standard.

**D. Summary and Recommendations**

9. EESL has been approached by all important bilateral and multilateral financing institutions—ADB, AFD, KfW, Japan International Cooperation Agency, and the World Bank. The loan agreements are in advanced stages for some of them, and a few are in the pipeline with negotiations currently being held. EESL is a 100% public owned Government of India company with a successful track record of implementing DSM projects with a number of stakeholders.