May 19th, 2014

Comments from WRI on Approval by Mail: CTF India - Partial Risk Sharing Facility for Energy Efficiency (PRSF)

Dear Patricia,

Please find here comments on the India Partial Risk Sharing Facility for Energy Efficiency. We are submitting these comments in our capacity as developed country civil society observer to the CTF Trust Fund Committee.

Lessons from previous engagements by the executing agency

The project is aimed at addressing the various market barriers that impede energy efficiency (EE) practices and financing and will be managed and executed by the Small Industries Development Bank of India (SIDBI). SIDBI has had several credit lines in the recent past for EE and it would be useful to describe the performance of these lines in the documentation for the PRSF. This could shed light on relevant successes and failures that could inform implementation.

Savings from energy efficiency investments

SIDBI and Energy Efficiency Services Limited (EESL) - as the implementing super-ESCO - should deliver actual energy savings that are commensurate with the investment. This should be checked with the performance of similar funds in producing real outcomes in EE, not only in financial returns. The only reference to the measurement of results in terms of EE savings seems to be in paragraph 61 (page 27 of the Project Appraisal Document) which states that “the portfolio would likely avoid between 0.08 and 0.41 million tons of CO2 over the cumulative 19-year lifetime of supported projects”. This seems to be a low goal for the proposed investment.

Marketing

From our understanding, SIDBI has experience in setting performance goals of EE savings per US$ invested and will recognize the risk that, with a low EE goal, the funding can be extended to many projects which would not necessarily produce the kind of energy savings that are possible. In order to get to those projects with good projected EE savings, SIDBI will have to market the funds through their bank officers to clients. Given the difficulty of this task, we would encourage a specific financial outlay for marketing.

Thank you for the opportunity to comment and we are happy to clarify any of our comments with the IBRD team.

Best,

Milap Patel