

 Early Warning System

WB-P177844

Program for Electricity Distribution Sector Reforms in India



Quick Facts

Countries	India
Financial Institutions	World Bank (WB)
Status	Active
Bank Risk Rating	C
Voting Date	2022-03-30
Borrower	REC Limited
Sectors	Energy, Finance
Investment Type(s)	Loan
Investment Amount (USD)	\$ 500.00 million
Loan Amount (USD)	\$ 500.00 million
Project Cost (USD)	\$ 1,210.00 million



Project Description

According to World Bank documents, the objective of the project is to improve the financial health and operational efficiency of select electricity distribution companies in India.

The proposed Program intends to support the operational and financial performance of Discoms in the country and the Bank supports the program in selected (three to four) states through REC Ltd (a financial intermediary) for institutional and capacity building reforms. The operation will be financed through a hybrid of Program for Results (PforR) and Investment Project Financing (IPF) financial modalities. The PforR will be the primary instrument for support of the program through funding US\$ 490 million, the IPF is proposed to finance Technical Assistance of about US\$ 10 million for specific activities related to project management, training, and capacity building by REC. The proposed IPF component will only involve TA to build the capacity of the implementing agency and Distribution Companies (Discoms).

The proposed Program builds upon the World Bank's support over the last 7-8 years to reforms in electricity distribution through state level engagements under India's 24x7 Power for All Program. Through this Project, the World Bank is building upon a long engagement with the Ministry of Power (MoP) which includes several financing operations in electricity distribution, transmission and generation, including in the renewable energy value-chain. The learnings from these engagements have helped the World Bank develop a wide-ranging platform of solutions, which will inform the proposed operation. This project will form part of a programmatic approach to improve the commercial performance of the electricity distribution sector across India. The Program-for-Results (PforR) instrument was determined to be best suited for the World Bank's support to Gol's large and transformative program. Gol's FRBM relaxation and RDSS program are results-linked schemes that will provide financial assistance to Discoms based on meeting a pre-qualifying criterion and achieving basic minimum benchmarks in reforms. This structure of the Gol program lends itself directly to the structure of the PforR instrument. A PforR operation will (a) provide stronger focus on the implementation of critical reforms and initiatives in electricity distribution in alignment with Gol's FRBM relaxation and RDSS scheme, (b) improve the capacity of government agencies to deliver the program through their own systems and procedures, and (c) provide flexibility and efficiency in supporting an ambitious government program.



Investment Description

- World Bank (WB)



Contact Information

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Bank Documents

- [Concept Environmental and Social Review Summary](#) [Original Source]
- [Project Information Document](#) [Original Source]