

INTEGRATED SAFEGUARDS DATA SHEET
INITIATION/CONCEPT STAGE

Report No.: 121880

Date ISDS Prepared/Updated: 4 December 2017

I. BASIC INFORMATION

A. Basic Program Data

Country:	India	Project ID:	P165488 (GU), P162849 (PE)
Project Name:	Energy Efficiency Scale-Up Program		
Task Team Leaders:	Defne Gencer, Ashok Sarkar, Simon Stolp, Don Purka		
Estimated Date of Approval:	February 2018		
Managing Unit:	GEE06	Lending Instrument:	PforR, IPF Guarantee
Sector(s):	Energy and Extractives		
Theme(s):	Energy Efficiency (861)		
Fragile and/or Capacity Constraints [None]			
Financing (in USD Million)			
Total Project Cost:	1,496	Total Bank Financing:	300 (80 Guarantee, 220 PforR)
Total Co-financing:	1,276	Financing Gap:	
Financing Source			Amount
BORROWER/RECIPIENT: Department of Economic Affairs			320
OTHERS: IFIs, bilateral, commercial financing			956
Total			1,276
Environmental Category	B		
Is this a Repeater project?	No		
Is this a Transferred project?	No		

B. Program Objectives

1. **Program Development Objective.** The program development objectives are to scale up energy savings in residential and public sectors, strengthen EESL's institutional capacity, and enhance its access to commercial financing.

2. The PDO level outcome indicators of the Program would focus on market transformation of select energy efficient appliances and equipment, development of sustainable business models in new Energy

Efficiency (EE) market segments, raising commercial financing and institutional strengthening.

3. **Key Results.** The operation combines a Program for Results instrument and an IPF Guarantee instrument. Under the PforR, there are four Results Areas, whose achievement will be measured through six Disbursement Linked Indicators. The Results Areas are:

- (i) Results Area 1: Energy savings and EE market transformation in the residential sector
- (ii) Results Area 2: Energy savings and EE market transformation in public street lighting
- (iii) Results Area 3: Development of sustainable business models in new EE market segments
- (iv) Results Area 4: Institutional strengthening for sustainable EE scale-up.

For the IPF component, the key results on the amount of commercial financing leveraged by the IBRD guarantee will be quantified, measured and reported as a PDO outcome indicator.

C. Project Description

4. The Government of India has requested World Bank financing to support EESL in the implementation of its growing program, covering priority energy efficiency (EE) initiatives.

5. The proposed operation by the World Bank would support the Program to be implemented by Energy Efficiency Services Limited (EESL) for EE market transformation in residential and public sectors. The proposed operation comprises a US\$220 million Program for Results (PforR) loan and a US\$80 million loan/bond guarantee to support EESL in raising commercial financing for scaling up its EE programs. The scope of the Program proposed for support includes Government of India's (GoI) "Unnat Jyoti by Affordable LEDs for All" (UJALA) initiative implemented by EESL, covering Light Emitting Diode (LED) lightbulbs, LED tubelights, and ceiling fans; and the "Street Lighting National Program" (SLNP). The proposed PforR operation would support the scale up of EE market transformation under UJALA and SLNP; as well as the incorporation of sustainability elements into EESL's newer business areas and institutional strengthening of EESL for sustainable scale-up. In addition, through the provision of an IPF loan/bond guarantee, the operation will enhance EESL's access to commercial financing markets which would further scale investments in UJALA and SLNP.

6. The Program is primarily focused on scaling up deployment of energy efficient appliances and equipment in the residential and public sectors. The interventions planned are expected to result in substantial environmental and social benefits. Adverse effects that are sensitive, diverse and unprecedented on the environment and people are not expected currently. However, planned efforts are essential to ensure that the Program interventions will result in sustainable social and environmental benefits. As required by the Bank Policy on Program-for-Results Financing (July 2015), an Environmental and Social Systems Assessment (ESSA) was conducted to assess the adequacy of Program environmental and social systems and identify specific measures. This ISDS relates to the IPF component supporting EESL (i.e. the guarantee) proposed to raise commercial financing for investments proposed to be made under the Program, namely UJALA and SLNP.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

7. UJALA and SLNP will be implemented nationwide, both in urban as well as rural areas. The project is supporting deployment of energy efficient LED lightbulbs, which, in case of UJALA are sold to consumers and in case of SLNP, are installed by replacing the existing conventional streetlights, and to a limited extent, supporting electrical systems and light poles. The nature of activities (especially in

case of SLNP), requires more focus on occupational health and safety aspects relating to installation of equipment, more than the project locational aspects. Under this nationwide program, it is possible that specific project locations can be in urban and rural areas in proximity to the coasts, forests and other natural habitats. While it is not envisaged that the project activities will infringe into such areas, such characteristics are of importance especially for handling the wastes generated from the project activities. Since exact project locations are not yet known, the safeguards management approach will be based on exclusion principles for avoiding environmental risks.

E. Borrowers Institutional Capacity for Safeguard Management

8. As part of its past experience in accessing financing from different multilateral and bilateral financing institutions, EESL has already prepared an Environmental, Occupational Health & Safety, and Social (EHSS) Manual. The manual mainly covers UJALA and SLNP, and includes relevant Standard Operating Procedures (SOPs), which are intended to be integrated into EESL's operations as part of these programs. While many of these SOPs are have been integrated in to EESL operations, a clear mandate with specific monitoring and institutional mechanism for safeguards management is yet to be established by EESL. EESL has initiated this process by designating an EHSS officer and initiated the process of disseminating EHSS internally within EESL and for the external stakeholders including vendors and contractors. As part of the preparation of the proposed DLI, the need to strengthen internal institutional capabilities was identified, and EESL agreed to establish an Environmental and Social Management/ Sustainable Development Department. The establishment of this Department was included as a Disbursement Linked Indicator (DLI), against which IBRD financing would be disbursed, under the proposed PforR. This Department will be strengthened to the extent that it can also address the IPF requirements under the guarantee product.

9. By incorporating a dedicated and full-fledged unit or department to focus on environmental and social sustainability of program operations, it is expected that EESL will be able to manage the program impacts. EESL will also prepare a guidance document incorporating the guidelines for screening of activities under various programs.

10. Certain activities which would be supported through IPF guarantee may result in adverse impacts, if not properly planned and managed. The potential risks that can emerge in case of improper planning, execution and management of various programs are: (i) inappropriate management of wastes polluting the environment and posing risks to health and safety, (ii) effects of inappropriate lighting quantities and placement decisions on natural habitats, flora fauna and cultural heritage, and (iii) occupational and public safety risks for workers and the communities. The challenge lies in proper conception of the projects and programs in line with applicable legislation, ensuring compliance to the country's environmental regulations and giving requisite attention to incorporate these comprehensively in technical design, program planning, implementation and operations.

Since the exact location of all program activities are not yet known and some activities under EESL's Program may have short and long-term implications, the environmental safeguards category at this stage has been determined as "B". The environmental safeguard policy that it triggers is Environmental Assessment (OP/BP/GP 4.01). The Project will have minor and/or temporary adverse environmental impacts. Main project benefits are associated with significant energy and cost savings due to the use of energy efficient LED bulbs and avoided environmental stress due to it replacing the CFLs which are widely in use today.

11. Social impacts resulting from the activities envisaged under the IPF guarantee are positive. Social

risks from this project are determined as low. OP 4.12 (Involuntary Resettlement) is not triggered while OP 4.10 (Indigenous Peoples) is triggered out of precaution should the project move to areas with tribal populations. Mitigation measures included in the Tribal Development Plan include activities such as public consultations, information dissemination regarding the program and active participation of communities in the program as well as benefit sharing, where possible.

F. Environmental and Social Safeguards Specialists on the Team

Addepalli Sita Ramakrishna, Senior Environmental Specialist, GEN06

Deepa Balakrishnan, Environmental Specialist, GEN06

Gitanjali Chaturvedi, Senior Social Development Specialist, GEN06

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The IPF operation would utilize IBRD resources for raising commercial financing to support EESL's Program. EESL's program focuses on scaling up the deployment of LED lightbulbs and other energy efficient appliances under UJALA and SLNP, covering locations in both urban and rural areas across India. IPF Guarantee would support only the deployment of LED bulbs, tube lights and ceiling fans under UJALA Program, and SLNP. The proposed project will have significant positive impact as the lifecycle environmental impacts of LED bulbs are significantly less, when compared to that of the alternatives, such as incandescent or CFL bulbs. Moreover, EESL's initiatives will have significant positive impact on the environment because of significant energy savings it stands to generate by replacing less efficient options. Some of the Program activities, if not managed systematically are expected to have impacts on the environment. These include placement of temporary kiosks for distribution of bulbs, quality of the lighting products, and disposal of wastes. . These aspects would assume importance when the project locations (urban and rural settlements) are in the proximity to sensitive areas. Hence, there is a need for systematic safeguards management with pre-defined framework for risk mitigation, if any. While such aspects are covered by and large under existing EHSS manual of EESL, there is a need to update the same to establish an Environmental Management Framework (EMF) with relevant screening and impact assessment procedures, and Environmental management measures complying with World Bank requirements including occupational health and safety aspects
Natural Habitats OP/BP 4.04	No	The UJALA and SLNP programs will be implemented in existing settlement areas and are not envisaged to infringe in to any of the natural habitats. However, to avoid doing harm to sensitive areas, the borrower will be advised to incorporate

		exclusion principles to avoid natural habitats in the vicinity of the settlements, if any. It is recommended that EESL prepares an EMF complying with OP 4.01 to define exclusion principles.
Forests OP/BP 4.36	No	The project is not expected to have any impacts or harm to forests and do not involve in any forest based commercial activities or logging.
Pest Management OP 4.09	No	Pest Management aspects would not be applicable and hence not triggered
Physical Cultural Resources OP/BP 4.11	TBD	Program locations are not yet known. As part of project preparation, the need for triggering OP 4.11 will be determined based on whether the program will include activities which would have an impact on Physical or Cultural Resources. In the event the Program decides to exclude activities that are concerned with / in or near physical / cultural resources, this policy will not be triggered. Irrespective of triggering the policy, the proposed EMF shall integrate considerations for physical and cultural resources including chance find procedures.
Indigenous Peoples OP/BP 4.10	Yes	Program locations are not yet known. The policy is triggered as a precaution in the event that the program is scaled up to include states with tribal populations such as Chhattisgarh, Jharkhand, and/or states in North East India, this policy will be triggered. A Tribal Development Plan is therefore included as a measure to comply with World Bank requirements.
Involuntary Resettlement OP/BP 4.12	No	Planned activities do not involve land acquisition that would lead to physical resettlement or loss of assets or access to resources.
Safety of Dams OP/BP 4.37	No	The program activities envisaged under IPF are not expected to have any impact on the Safety of Dams. Hence, this policy is not triggered.
Projects on International Waterways OP/BP 7.50	No	The project relates to energy efficient bulbs and appliances which does not involve waterways and hence the International Waterways policy is not triggered
Projects in Disputed Areas OP/BP 7.60	No	The project will not be implemented in international disputed territories.

III. SAFEGUARD PREPARATION PLAN

A. Will an Appraisal stage ISDS be required? [Y/N] Yes

- i. Explanation: During appraisal stage, specific activities to be financed by IPF resources are expected to be more clear.
- ii. If Yes, tentative target for preparing the appraisal stage ISDS December 4, 2017

B. Time frame for launching and completing the safeguard-related studies that may be needed.

ESMF has to be prepared. The current EHSS manual of the borrower has many of the requirements for the proposed ESMF. The preparation of ESMF by the borrower is ongoing and the draft ESMF is expected to be ready for bank review and processing for disclosure by the end of November, 2017

C. The specific studies, their timing and disclosure should be documented in the appraisal-stage ISDS. ESMF for the project

IV. APPROVALS

Task Team Leaders:	Name: Defne Gencer, Ashok Sarkar, Simon Stolp, Don Purka	
<i>Approved By:</i>		
Regional Safeguards Advisor:	Name: Maged Hamed	Date: 30 November 2017
Practice Manager:	Name: Demetrios Papathanasiou, Pankaj Gupta	Date: 3 December 2017

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) World Bank Public Disclosure and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.