

India

With 1.3 billion inhabitants and a rapid growth in population, India will have the world's largest population by 2020. India also has one of the world's most dynamic economies. Indeed, since the implementation of a slew of economic reforms in the 1990s, it has been showing continued growth. If this trend continues, it will become one of the world's four leading economies over the next twenty years.

However, the country's population, urban and economic growth poses major challenges. It also has immense impacts on the environment in a country which is already particularly vulnerable to the consequences of climate change.

Current challenges include facilitating access to services for a large segment of the population which still does not benefit from them, addressing the huge infrastructure deficit, meeting increasing energy demand, and reconciling economic development with environmental protection.

The government of India has set out to address these issues by adopting ambitious investment programmes.

Agence Française de Développement (AFD) has been supporting India since 2008. Our objective: help the country successfully achieve its urban, energy and ecological transition.

Reconciling economic development and the management of its impacts on the environment is a core challenge for India.



Energy efficiency in street lighting © Yashas Chandra/AFD

AFD Group's commitment

AFD has been a partner of India since 2008, by developing actions to jointly forge ahead in the core area of sustainable development and to unite in the fight against climate change. It has committed more than EUR 1.5bn over these 10 years through loans to the State and State-owned companies, as well as through technical assistance programmes.

AFD has been entrusted with a strategic mandate tailored to the Indian government's priorities, with three main thrust areas for cooperation:

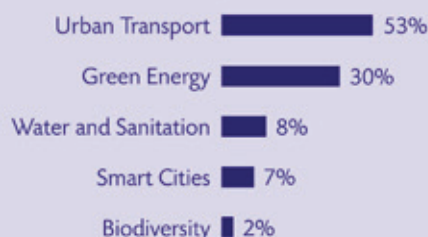
- Promote sustainable and integrated urban development;
- Encourage energy efficiency and renewable energy development;
- Conserve the country's biodiversity and natural resources.

AFD's financing is also a vehicle for sharing France's innovative solutions and expertise. In addition to the loans it allocates in India, AFD can set up technical assistance programmes for targeted skills transfers. AFD benefits from a close partnership with the European Union for this purpose by mobilising delegated funds.

PROPARCO, AFD's private sector financing arm, supports investment in the sectors of energy, health, education, microfinance, the social and solidarity economy, as well as in the agri-food chain, and implements both debt and equity instruments. PROPARCO earmarks two-thirds of its investments in India for renewable energy development and energy efficiency. With more than EUR 400m of financing allocated, India has become one of the flagship countries for its action.

AFD's commitments till February 2018

Total EUR: 1,521m



100% of the projects supported by AFD in India have a positive impact on climate.

Developing sustainable cities

The urban population in India has increased six-fold since 1951 and is expected to double by 2050. This huge population growth poses a real challenge for cities, which need to suitably adapt their infrastructure and improve service quality. Promoting sustainable mobility, access to water and electricity and waste treatment are all major challenges for the country's future. AFD's action aims to support Indian cities in this process.

Promoting the development of low-carbon urban transport

In Indian cities, demographic trends, combined with the rising standards of living of the middle class, lead to an exponential increase in the number of personal vehicles and therefore worsen congestion and pollution.

Consequently, the development of sustainable mobility is central to AFD's mandate in India. AFD has co-financed phases I

and II of the Bangalore metro for the construction of 72 km of railway lines as well as the current construction of 38 km of overhead metro lines in Nagpur. Major impacts are expected in terms of public health, urban productivity and economic attractiveness. By 2022, more than 2 million people are expected to use the metro networks supported by AFD in India every day.

An initiative for low-carbon mobility in three Indian cities

EUR 3.5m of technical assistance financed by the European Union has been provided to the cities of Nagpur, Kochi and Ahmedabad as part of the international "MobiliseYourCity" initiative. Its implementation in India includes improving urban transport plans, which aim to achieve lower-carbon urban mobility trajectories.



A metro to improve social and environmental balances in Kochi

AFD is providing EUR 360m of financing for the construction of a 37-km light metro in Kochi. Today, 18km are already operational. Kochi's network is unique in many ways, from the way it empowers women to the pace with which it has been implemented, the cost savings, green initiatives and digital solutions. It has worked continuously to link the network to other modes of transport in the city, including provision of easy access for pedestrians and cyclists. EUR 0.8m of technical assistance has allowed a partnership to be established between the cities of Kochi and Lyon (France) on topics related to sustainable mobility.



Participation in the Smart City Mission

AFD is managing a EUR 0.7m technical assistance programme, with an approach based on supporting national policies and sharing French expertise in sustainable urban development. The objective is to help the cities of Nagpur, Chandigarh and Pondichery prepare and implement their projects under the "Smart City" national mission, which aims to meet the

challenges of urban service performance and efficiency, particularly in terms of transport, energy and the environment. The success of this technical assistance programme has prompted AFD to put forth a support programme at the national level to fund smart cities projects through a national challenge.

Supporting a sustainable use of water resources



New water treatment plant in Jodhpur © Yashas Chandra/AFD

India accounts for 15% of the world's population and about 4% of the world's water resources. Climate change is likely to put more strain on the already scarce resources. India's federal states are seeking support on aspects concerning the optimization and effectiveness of the public service in order to address these strong pressures.

AFD has provided EUR 49m of financing to optimize the city of Jodhpur's drinking water distribution network, with an approach that focuses on energy and water efficiency and on improving the service for residents.

Furthermore, AFD is providing EUR 65m of financing to increase the availability of drinking water and rationalizing water distribution in Pondicherry. The project aims to provide an uninterrupted supply of water to Pondicherry's inhabitants. Rehabilitation of water infrastructure and innovative technological solutions are at the heart of the project.

AFD aims to promote mobility and develop electricity, water and waste treatment networks in Indian cities in an environmentally friendly manner.

Conserving the country's natural resources

Restoring forest ecosystems

India is home to an extremely wide variety of flora and fauna owing to its surface area and relief. Despite a strong legislative framework, India's vast forestry resources are now endangered and, along with them, the rich biodiversity they shelter.

AFD is supporting the proactive policy of India and the state of Assam, in the northeast of the country, which promotes a sustainable and participatory management of its forests.

AFD is financing, through a EUR 30m loan, the reforestation of damaged forest areas, the preparation of concerted forest management plans involving local communities, capacity building for the forest administration and skill development programmes for forest-dependent communities. More than 21,000 hectares of land have been reforested and 4,500 people have been trained in 15 different trades, helping to revive the local economy while protecting forest resources.



Reforesting Assam with the villagers © Yashas Chandra/AFD

Contributing to the transition towards clean energy

AFD is supporting the Indian government for its commitments to combat climate change, with a focus on developing renewable energies and improving its energy efficiency.

Supporting the growth of renewable energies

Accounting for strong economic and demographic growth, the country's energy needs are expected to double by 2035. In addition, the high proportion of fossil fuels in the national energy balance is increasingly contributing to climate change. India has become the world's third largest greenhouse gas emitter and has one of the highest emission growth rates in the world.

In this context, the Indian government has committed to an ambitious policy to develop alternative energies, aiming to reach 40% of its power generation capacity through non-fossil resources by 2030.

AFD is supporting the efforts to promote investments in electricity generation based on renewable energies. In this respect, it has provided the Indian Renewable Energy Development Agency (IREDA) with financial and technical support via two "green" for electricity credit lines totaling EUR 170m. 19 renewables projects, led by private developers, have been developed so far from biomass to small-scale hydro, solar, and wind projects.

This support is also provided via EUR 80m of financing allocated to Himachal Pradesh Power Corporation Limited (HPPCL) for the development of two run-of-river hydropower plants in Himachal Pradesh, which will contribute in developing this state's clean energies and to meeting the anticipated strong growth in electricity demand.



Solar plant in Andhra Pradesh © Yashas Chandra/AFD

Green finance: A tool to make India's financial sector the engine for sustainable growth



AFD is supporting several Indian public finance institutions in an approach to promote responsible investments via four "green" credit lines totaling EUR 320m.

Most of this financing is combined with technical assistance, including market studies and workshops.

Over 400 energy efficiency projects and 19 renewable energy projects were financed between 2011 and 2018. AFD also supports green housing through a credit line to NHB, a public sector bank. In addition to these credit lines, AFD can offer its partners other innovative financial tools, such as guarantee mechanisms or insurance products. These tools could in the future facilitate access to financing for companies in sectors which are still considered risky, such as green energy or the environment.

Strengthening the energy performance of public and private partners

As energy savings are another essential driver for the Indian government's action to limit the environmental and financial costs of the country's development, AFD promotes the implementation of energy efficiency measures with diverse partners, the private sector and public entities.

For example, AFD has partnered with the public financial institution Small Industries Development Bank of India (SIDBI) with a EUR 50m loan to promote access to credit for SMEs which make investments to save energy.

AFD is also supporting the public energy service company (ESCO) Energy Efficiency Services Limited (EESL) via EUR 50m of financing. The aim is to promote investments in energy savings in the priority areas of street lighting and public buildings.

AFD is France's inclusive public development bank. It commits financing and technical assistance to projects that genuinely improve everyday life, both in developing and emerging countries and in the French overseas provinces. In keeping with the United Nations Sustainable Development Goals, AFD works in many sectors – energy, healthcare, biodiversity, water, digital technology, professional training, among others – to assist with transitions towards a safer, more equitable, and more sustainable world: a world in common. Through its network of 85 field offices, AFD currently finances, monitors, and assists more than 2,500 development projects in 108 countries. In 2017, AFD earmarked EUR 10.34bn to finance projects in developing countries and for overseas France.

www.afd.fr



Seafront, Pondichery © AFD

PROPARCO

Proparco is a subsidiary of AFD focused on private sector development. It has been promoting sustainable economic, social and environmental development practices for the past 40 years. Proparco provides funding and support to both businesses and financial institutions in key development sectors – infrastructure (with a specific focus on renewable energies), agribusiness, financial institutions, healthcare and education, etc.

www.proparco.fr



FONDS FRANÇAIS POUR
L'ENVIRONNEMENT MONDIAL

The French Facility for Global Environment (FFEM) is a bilateral public fund initiated by the French Government in 1994. The FFEM secretariat and its financial management are entrusted to AFD. The FFEM co-finances projects that encourage the protection of the global environment in developing countries. Its co-financing is exclusively done as grants and is used for the implementation of pilot projects that combine environmental protection and economic development in the recipient countries. Its activities focus on the topics of biodiversity, international waters, the climate change, land degradation and desertification, persistent organic pollutants and the stratospheric ozone layer.

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