

October 3, 2013

**Comments from Brazil on Approval by mail: India: Development Policy Loan (DPL) to Promote Inclusive Green Growth and Sustainable Development in Himachal Pradesh (HP)**

Dear colleagues,

We would like to express our support to the proposal for India DPL to Promote Inclusive Green Growth and Sustainable Development in Himachal Pradesh. It presents an useful opportunity to employ a new approach for the CTF, supporting transformational change through a development policy loan, underlined by objective indicators to measure success. We also welcome the focus on hydropower, which will be instrumental for the world to achieve an energy pathway that avoids a catastrophic climate scenario in the midterm.

We encourage the efforts for India to improve its energy generation capacity, notably with new hydropower plants. As presented, hydropower potential in India is substantial and remains an key option to address energy shortages, reduce the emissions intensity of the power sector at scale and diversify its energy sources (reducing the dependence on coal). Also, hydropower has got the highest priority for development by the state government and the abundance of perennial rivers enables Himachal to sell hydropower to other neighboring states.

We acknowledge that most of the projects supported by the proposed DPL are run of the river plants. In that regard, it is important to emphasize that decisions on the most appropriate means for the utilization of hydropower potential depend on detailed energy, environmental and social studies to be carried out case-by-case. Run-of-river hydropower is on a number of cases the best approach, but building dams is also convenient in many cases, since reservoirs can provide important co-benefits, allowing multiple uses for water resources (fish farming and regularization of water supply for human and animal consumption). Both models (with or without reservoirs,) should be kept at the table and given due consideration.

Best regards,

Artur Lacerda  
Ministry of Finance of Brazil