

October 2, 2013

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

Dear Patricia, colleagues,

We thank the World Bank and the Indian government for submitting this proposal. Let me convey the French support to the overall aim of the proposal, and to the use of the DPL instrument to enhance the public policy implementation taking into account the climate change agenda and promoting transformational impact. We also acknowledge the focus put on environmental and social monitoring, as well as on evaluation systems, as an essential element of projects which have many systemic impacts.

We think this first CTF-supported climate DPL is an important milestone. Considering this importance, as well as the comments and questions raised by several of our colleagues, we would feel it important enough to propose **that the approval decision be put on the agenda of our incoming TFC meeting at the end of the month**, in order to allow for a proper discussion and also give time to look into the different issues highlighted.

Beyond other colleagues' comments, here are a few specific points we would like to be addressed in the meantime:

1. What type of hydropower projects is associated to the DPL support exactly? Are we only considering "run-of-river" hydropower (as mentioned in para 26) or also dams? This might have an impact in terms of GHG emissions as large reservoirs are known to generate GHG emissions depending on their depth and on other parameters.
2. This operation is presented as the second tranche of a programmatic DPL but the document does not give much detail on the public policy matrix and the indicators adopted to follow the policy dialogue under this programmatic DPL. Neither is clearly presented the feedback on the first phase of this DPL (\$100 million loan from IBRD).
3. The document does not justify the use of concessional CTF resources for this second tranche (especially considering that the first IBRD tranche was probably far less concessional). What would be the rationale for it?
4. The treatment of cofinancing/leverage is somehow confusing: can the first tranche of the DPL be considered as a co-financing (wasn't it already in place before project identification in the CTF pipeline?)?. Do we rightly understand that there won't be any other financiers for the second tranche? Also, how can all funding provided to hydropower projects (in equity or debt) be considered as project leverage (para 66): were not the majority of them already ontrack?

5. Could more information be given regarding the additional resources that will be put in place by the state government to support policy and institutional measures that overcome the barriers presented in the document and accelerate the development of hydropower?

6. Finally, on GHG emission reductions, cost-effectiveness and transformational potential ratio calculation, it is not straightforward to consider a replication effect at the national level: could you therefore develop on the links between activities implemented in Himachal Pradesh and hydropower development in other Indian states?

Again, thank you very much for your hard work and this exciting perspective.

Best regards,  
Frederic Glanois