Report Number: ICRR0024294

1. Operation Information

Operation ID	Operation Name
P177985	Catalyzing Private Financing in India
Country	**Practice Area (Lead)**
India	Finance, Competitiveness and Innovation

Non-Programmatic DPF

L/C/TF Number(s)	Closing Date (Original)	Total Financing (USD)
IBRD-94240,IDA-71830	30-Jun-2023	750,000,000.00
Bank Approval Date	**Closing Date (Actual)**	
29-Jun-2022	30-Jun-2023	

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	750,000,000.00	0.00
Revised Commitment	750,000,000.00	0.00
Actual	750,000,000.00	0.00

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2. Program Objectives and Pillars/Policy Areas

a. Objectives

According to the Program Document (page i), the program development objective of the India Catalyzing Private Investment for Sustainable Recovery and Growth Development Policy Operation was "to catalyze sustainable private sector financing for India's economy, with the focus on infrastructure and MSMEs."

Considering the separate emphasis on financing for climate change mitigation and adaptation, this ICR Review evaluates this operation using the following three objectives:

1. To catalyze sustainable private sector financing for infrastructure.
2. To catalyze sustainable private sector climate financing.
3. To catalyze sustainable private sector financing for MSMEs.

b. Pillars/Policy Areas

The program had three policy areas.

Catalyzing Long Term Private Sector Finance supported reforms to reduce dependence on public financing and to leverage private financing, including from long-term institutional investors and the capital markets, for infrastructure projects and for housing, including for the low-income and informal market segments, by: (a) creating a new National Bank for Infrastructure and Development (NaBFID) to mobilize private long-term finance for infrastructure; (b) establishing the National Monetization Pipeline to recycle brownfield into greenfield infrastructure assets; (c) allowing the Employees Provident Fund Organization to invest in alternative investment funds and infrastructure investment trusts; (d) revising regulations for the Securitization of Standard Assets to better link mortgage lenders to the capital markets; and (e) establishing the Residential Mortgage-Backed Securities (RMBS) Pass-Through Certificate (PTC) securitization platform.

Developing the Markets for Green Finance supported reforms to develop green finance markets and instruments for resilient growth by: (a) issuing the country's first sovereign green bond; (b) requiring the top 1,000 listed companies to disclose their environmental, social, and governance (ESG) parameters; (c) enhancing disclosure by ESG mutual funds; and (d) supporting the creation of a national carbon trading market.

Improving Access to Credit for Micro, Small, and Medium Enterprises and for Women Entrepreneurs supported reforms to ensure the flow of credit to MSMEs and women entrepreneurs adversely affected by the COVID-19 pandemic and the ensuing economic downturn by: (a) raising the credit guarantee cover limit and introducing guarantee cover for bank and non-bank co-lending under the Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE); (b) providing sectors most affected by the COVID-19 pandemic continued access to the Emergency Credit Line Guarantee Scheme (ECLGS); and (c) implementing the Credit Guarantee Scheme for Microfinance Institutions (CGSMFI).

c. Comments on Program Cost, Financing and Dates

Program Cost and Financing. The program was estimated to cost US$750 million at appraisal and was financed by a loan of US$667 million from the International Bank for Reconstruction and Development and a non-concessional credit of US$83 million from the International Development Association. Both the loan and the credit were fully disbursed by closing.

Dates. The program was approved on June 29, 2022, became effective on December 1, 2022, and closed as scheduled on June 30, 2023.

3. Relevance of Design

a. Relevance of Objectives

Binding Constraints to Development. The structural and policy reforms supported by this operation aimed to address binding constraints to development posed by a recent deceleration in credit growth in the economy, creating financing gaps in three sectors critical to economic progress -- infrastructure finance, green finance, and MSME finance. Although extensive financial sector reforms, introduced since three decades ago, had stabilized the financial system -- interest rates had been liberalized, capital markets deregulated, restrictions on capital inflows eased, private entry into banking, mutual funds, insurance, and pension markets encouraged, and supervisory systems strengthened -- vulnerabilities built up in recent years were constraining the mobilization of private investment needed to power growth. Rooted in balance sheet weaknesses -- stressed assets at banks and over-leverage companies (World Bank, 2018, *India Systematic Country Diagnostic - Realizing the Promise of Prosperity*) -- the financial sector vulnerabilities were reflected in serious financing gaps: (a) with the share of private sector finance in infrastructure dropping from 37 percent in 2008 to 25 percent in 2019, the annual infrastructure finance gap (the difference between the amount of infrastructure investment needed and the amount of financing available) topped 4 percent of GDP; (b) meanwhile, half of MSMEs, the bedrock of the economy (accounting for 30 percent of GDP), lacked access to formal credit, with the MSME finance gap estimated at Indian rupee (INR) 18-25 trillion (9.5 - 13.2 percent of GDP) in 2018 (IFC, 2018, *Financing India's MSMEs - Estimation of Debt Requirement of MSMEs in India*); (c) additionally, the country was highly vulnerable to climate change (ranked the seventh most impacted nation globally (Germanwatch e.V., 2021, *Global Climate Risk Index, 2021 - Who Suffers Most from Extreme Weather Events?*), implying that finance should begin to account for the impacts of climate change on priorities in infrastructure and MSMEs.

Country Development Priorities. The objectives of the reform program were supportive of the development priorities of the Government of India at program appraisal and closing. The government envisioned an average annual growth rate of 8 percent over the long-term, with GDP topping US$7.5 trillion and the poverty rate shrinking to 5 percent by 2031. The near-term plan, laid out in a three-year action agenda for 2017-2019, and the medium-term plan, *New India @2022*, articulated an implementation framework focused on strengthening the enablers of growth, including strengthening the financial sector, apart from rationalizing public spending and improving fiscal management.

World Bank Group Strategy. The objectives of the reform program were supportive of the World Bank Group country strategy in India at program closing, which was organized around three focus areas -- Efficient Resource Growth, Enhancing Competitiveness and Enabling Job Creation, and Investing in Human Capital (World Bank, 2018, *Country Partnership Framework* [CPF] *for India for the Period FY18-FY22*). The program objectives were consistent with CPF Objective 2.2 - "Increase resilience of the financial sector and financial inclusion" and CPF Objective 1.5 - "Improve disaster risk management and resilience to climate change." To implement the country strategy, the World Bank Group committed to systematically apply the "Maximizing Finance for Development" approach (World Bank, 2017, *Maximizing Finance for Development: Leveraging the Private Sector for Growth and Sustainable Development*) to crowd in and leverage private sector solutions, finance, and expertise to meet the country's development goals.

b. Relevance of Prior Actions

Rationale

This operation supported nine prior actions (PAs) directed at the three objectives.

Table 1. Prior Actions
Objective 1 - To catalyze sustainable private sector financing for infrastructure.
PA1 - The Borrower has established the National Bank for Financing Infrastructure and Development (NaBFID), as a development financial institution with the mandate of offering credit enhancement products and mobilizing long term private finance for the infrastructure sector, pursuant to which (i) the Government of India has allocated capital; and (ii) NaBFID shall be regulated and supervised by the Borrower's central bank, RBI.
PA2 - The Borrower (i) through NITI Aayog has launched the National Monetization Pipeline (NMP) to create greenfield infrastructure assets by recycling brownfield core assets of the Borrower; (ii) through RBI, has permitted FPIs to invest in debt securities issued by InvITs; and (iii) through the Ministry of Labour and Employment, has approved investments of up to 5 percent of EPFO's annual deposits in AIFs, including InvITs.
PA3 - The Borrower has taken steps to link housing finance companies to capital markets through securitization: (i) through RBI, by the issuance of the revised regulatory framework for Securitization of Standard Assets; and (ii) through NHB, by approving the setting up of a multi-originator Residential Mortgage-Backed Securities (RMBS) Pass-Through Certificate (PTC) securitization platform.
Objective 2 - To catalyze sustainable private sector climate financing.
PA4 - The Borrower has taken steps for the launch of the country's first sovereign green bonds, as evidenced by: (i) the policy decision of the Union Government to issue sovereign green bonds in FY 2022-23 as part of the overall government borrowing; and (ii) the RBI's inclusion in the borrowing calendar for H1 FY2022-23 of their commitment to the issuance upon completion of the framework for issuance.
PA5 - The Borrower, to ensure transparent and standardized disclosures on the ESG parameters, through its securities regulator, SEBI, (i) has revised the ESG reporting guidelines for the top 1,000 listed companies by market capitalization; and (ii) has, through AMFI, issued guidelines on disclosure norms for investments made by ESG mutual funds.
PA6 - The Borrower, through its Ministry of Power, has: (i) designated BEE as the nodal agency to set up a voluntary national carbon market and trading scheme to promote low-carbon alternatives; and (ii) through BEE, has prepared and disclosed a blueprint document laying out the rules and modalities for the functioning of a national carbon market overseen by a high-level inter-ministerial committee.
Objective 3 - To catalyze sustainable private sector financing for MSMEs.
PA7 - The Borrower, through CGTMSE, has strengthened the Credit Guarantee Scheme for Banks (CGS-I) and Credit Guarantee Scheme for NBFCs (CGS-II) for serving the needs of MSE sector during recovery stage through: (i) expanding the limit for guarantee cover per borrower; and (ii) introducing guarantee cover for co-lending by banks and NBFCs.
PA8 - The Borrower, through NCGTC, has revised the guidelines for the operations of the Emergency Credit Line Guarantee Scheme (ECLGS) to ensure MSMEs in sectors worst affected by COVID-19 have continued access to the Guaranteed Emergency Credit Line.
PA9 - The Borrower, through NCGTC, has implemented the Credit Guarantee Scheme for Micro-Finance Institutions (CGSMFI) in support of small borrowers and women entrepreneurs impacted by COVID-19.

Objective 1 - To catalyze sustainable private sector financing for infrastructure.

- Infrastructure Finance. India had under-invested on infrastructure, at 4-5 percent of GDP, well below the 7-8 percent of GDP required to meet the country's development goals (Ministry of Finance, *Economic Survey 2018-2019*). The infrastructure financing gap reflected: (a) the results of an over-reliance on bank financing for infrastructure investment, as asset-liability mismatches eventually constrained the ability of commercial banks to offer long-term finance for infrastructure projects; (b) elevated risk-aversion and impaired confidence among private investors, owing to the accumulation of non-performing infrastructure assets and infrastructure loan defaults over the past decade; and (c) a lack of credit enhancement products in the domestic capital market. Overall, the country ranked low globally -- 70th of 141 countries -- on infrastructure quality (World Economic Forum, *Global Competitiveness Index, 2021*).
- **PA1** would help address the persistent financing gap in infrastructure by shifting the principal source of funding for infrastructure projects from the public (the state budget and public sector banks) to the private sector (institutional investors): (a) the Government established a new development finance institution, NaBFID, in April 2021 to mobilize long-term private finance for infrastructure and to offer credit enhancement products (the *National Bank for Infrastructure and Development Act of 2021*); (b) the Government allocated INR 200 billion in capital for the NaBFID in February 2022; and (c) the central bank, the Reserve Bank of India, issued a decision in March 2022 to regulate and supervise the NaBFID. Although initially organized as a state-owned enterprise, the NaBFID was envisioned to have a diversified ownership eventually, with the Government reducing its ownership in the entity to a minority 26 percent. The NaBFID was modeled after similar country infrastructure development banks (in Malaysia and Colombia, among others, according to the Program Document) and would provide end-to-end support -- structuring, financing, and credit enhancement -- to make projects commercially viable. Three design features would help the NaBFID fulfill its mandate -- the recruitment of experienced and reputable experts at competitive salaries, the development of innovative financing instruments for the infrastructure capital market (interest rate, credit, and currency derivatives), and a performance review every five years by an independent agency. Based on the plans offered, including for the NaBFID's organizational structure, product mix, and governance standards -- all of which were deemed consistent with international best practice -- the relevance of PA1 is rated **satisfactory.**
- **PA2** launched three measures to mobilize private, foreign, and institutional financing for the infrastructure sector. First, on the supply side, the country's top policy think tank, the NITI Aayog (the National Institution for Transforming India), launched the National Monetization Pipeline in August 2021 to create greenfield infrastructure assets by recycling the brownfield core assets of the Government. Many governments had used asset monetization -- the transfer of revenue rights over infrastructure assets (roads, railway stations, train tracks and operations, power transmission lines, hydroelectric and solar power assets, and telecom assets) by a government to private parties for a specified period of time in return for upfront money, a revenue share, and a commitment to invest in the assets -- to ease public fiscal constraints and to free up government balance sheets for new greenfield infrastructure. Second, on the demand side, in a decision on November 2021, the Reserve Bank of India permitted foreign portfolio investors to invest in debt securities issued by infrastructure investment trusts (investment vehicles that allowed investors to invest directly in infrastructure projects). And third, also on the demand side, the Ministry of Labor and Employment authorized the Employees' Provident Fund Organization in November 2021 to invest up to five percent of its annual incremental deposits in alternative investment funds and in infrastructure investment trusts. The three measures were linked to effectively mobilizing sizable private investment in infrastructure: (a) the central government had

infrastructure assets worth INR 6 trillion (US$80 billion equivalent) which could be monetized over four-years (INR 960 billion had actually been monetized in FY2021-2022), with the funds raised subsequently used to finance 5.4 percent of the total infrastructure investment planned under the National Infrastructure Pipeline; (b) the entry of foreign portfolio investors (which had already invested INR 500 billion (US$7.1 billion equivalent) in 2021 alone) into the infrastructure investment trust debt market could open up a large source of fresh funding not only for infrastructure investment trusts but also for real estate investment trusts under the Reserve Bank of India's Voluntary Retention Route (the program that allows foreign portfolio investors to invest in debt securities without being subject to certain regulatory restrictions); and (c) around INR 1.8 trillion (US$24 billion equivalent) in incremental deposits at the Employees' Provident Fund Organization would be available annually for investment in infrastructure investment trusts. Considering the foregoing three measures, the relevance of PA2 is rated **satisfactory**.

- <u>Housing Finance</u>. Although it had grown vigorously in the past decade, driven by the *Housing for All* program, India's housing finance market lagged that of its peers, measured by mortgage loans-to-GDP: (a) housing finance companies dominated housing finance, accounting for 40 percent of market assets, and played a critical role in affordable housing, including to the informal sector; (b) but housing finance companies faced asset-liability mismatches and lacked access to sustainable long-term funding; (c) mortgage securitization would be a suitable solution to the long-term funding problem; (d) but the majority of securitization transactions (around 63 percent of the total) was implemented through the direct assignment route (the bilateral sale of loan portfolios) rather than through the issuance of pass-through certificates (the international best practice) -- bilateral sales could only cater to a limited pool of investors and suffered from inefficiencies in price discovery.
- **PA3** supported two measures to strengthen the access by housing finance companies and other mortgage lenders to the long-term capital markets by improving the mortgage securitization framework. The Reserve Bank of India issued guidelines in September 2021 streamlining the issuance of pass-through certificates (PTC) (fixed-income securities representing an undivided interest in a pool of assets), removing the bar on the securitization of purchased loans (loan from a seller to a buyer), reducing risk retention requirements (regulations requiring entities to retain a financial interest in the assets they securitize), and introducing Simple, Transparent, and Comparable transactions (securitization transactions that met certain criteria to help investors understand and evaluate the risks involved) to provide additional capital relief to lenders. And the National Housing Bank approved the establishment of the multi-originator RMBS PTC securitization platform (the system that facilitates the pooling of debt obligations and transforms them into securities to be sold to investors) in November 2021 to enable standard securitization transactions by banks, housing finance companies, and investors, and provide long-term funding to mortgage lenders. The link between these measures and the objective to catalyze sustainable private sector financing for housing was fairly evident, *a priori*: (a) an efficient pass-through securitization market with a wide investor base would help housing finance companies and other mortgage lenders to issue longer-term instruments, institutional investors (insurance companies and pension funds) to engage in housing finance, and the market to scale up the issuance of innovative products for affordable housing; (b) the securitization platform would allow small- and medium-sized lenders, who were unable to participate in securitization transactions on a stand-alone basis, to pool their loan portfolios through the intermediary and issue high-rated pass-through certificates. The relevance of PA3 is rated **satisfactory**.

Objective 2 - To catalyze sustainable private sector climate financing.

- <u>Climate Finance</u>. India would require an investment of 1.5 percent of GDP annually on energy transition to achieve its Intended Policy Scenario (how a policy is meant to function under ideal conditions and the positive effects it aims to achieve) laid out at the United Nations Climate Change Conference in 2021, the 26th Conference of the Parties or COP26, according to Bank estimates. This reform operation envisioned the country achieving this target by deepening the financial sector, creating new financial instruments to mobilize funding for climate change adaptation and mitigation, and developing the financial infrastructure and the regulatory framework for climate finance.

- **PA4** supported the issuance by the Government of the country's first sovereign green bond to raise funds for climate mitigation and adaptation targets set under the country's Nationally Determined Contribution (NDC) to the Paris Agreement (the international treaty to reduce greenhouse gas emissions and adapt to the effects of climate change, adopted by 196 parties at the United Nations Climate Change Conference in 2015). Indian firms had sold corporate green bonds since 2015 (some US$6.1 billion in 2021 alone) but the government had yet to issue its first sovereign green bond at the time of program appraisal in 2021. The Ministry of Finance announced the issuance of the country's first sovereign green bond in February 2022, part of the overall government borrowing program for FY2022-23, while the Reserve Bank of India included the issuance in the borrowing calendar for the first semester of the same year. The bond proceeds would fund public sector projects that helped reduce carbon intensity -- it was expected that the bond sale would signal the country's commitment to a low carbon economy, reduce the cost of capital for green infrastructure projects, and attract additional private capital for sustainable development. The relevance of PA4 is rated **satisfactory**.
- **PA5** aimed to promote the transparent disclosure by listed companies of their ESG parameters as well as the sustainability related opportunities and risks that they faced. The securities regulator, the Securities and Exchange Board of India, revised the disclosure framework, converting the voluntary Business Responsibility and Sustainability Reporting system of 2021 into a mandate in 2023 and requiring disclosures of energy consumption, water withdrawal, air emissions, waste management, and sustainable sourcing by the country's top 1,000 listed companies. The new framework enhanced the old one in several aspects by: (a) requiring the disclosure of quantitative data, in addition to qualitative information; (b) broadening the list of indicators covered; and (c) including elements from international standards such as from the Task Force on Climate Related Financial Disclosures (pertaining to climate-related corporate financial risks). Meanwhile, the Association of Mutual Funds in India issued new guidelines in February 2022 prescribing disclosure norms for ESG investments -- ESG-themed mutual funds would need to disclose their objectives, document their investment strategy and policy, and report on their investments. The two measures would bolster the objective to catalyze sustainable private sector financing for green investing: (a) ESG reporting by corporates would direct financing toward environmentally and socially sound companies, while (b) ESG reporting by mutual funds would encourage asset managers to consider sustainability-related opportunities and risks in their investment decisions. The relevance of PA5 is rated **satisfactory**.
- **PA6** aimed to further develop the carbon market in India (the trading system where companies and individuals buy and sell "carbon credits"), incentivizing climate change mitigation efforts. India had two operating market-based trading schemes -- the Perform, Achieve, and Trade scheme at the Bureau of Energy Efficiency, which promoted energy efficiency, and the Renewable Energy Certificate mechanism, which supported clean energy. The Ministry of Power selected the Bureau of Energy Efficiency in March 2021 to develop a full-scale domestic carbon market by building on the Perform, Achieve, and Trade scheme. Subsequently, the Bureau of Energy Efficiency laid out the rules -- the *Roadmap of Sustainable and Holistic Approach to National Energy Efficiency* -- in October 2021 for the functioning of the national carbon market, both on a compliance and a voluntary basis. The policy decision by the Ministry of Power and the preliminary work by the Bureau of Energy Efficiency were essential actions to establish a national carbon market in India -- the trading platform was originally expected to be established by June 2024, according to the Program Document, after which a cap-and-trade mechanism (a market-based system where the Government sets a limit (cap) on the total amount

of pollution allowed, and companies are issued permits (allowances) which they can buy and sell) will be introduced in phases. The relevance of PA6 is rated **satisfactory**.

Objective 3 - To catalyze sustainable private sector financing for MSMEs.

- MSME Finance. MSMEs in India suffered disproportionately from the effects of the COVID-19 pandemic, with credit to MSMEs declining as risk aversion among lenders rose and economic activity declined. The Government responded to the credit crunch with an overhaul of the credit guarantee system for MSMEs and with emergency credit guarantee schemes, both of which required only limited upfront fiscal spending, and which crowded in private funding from private banks and non-banking financial companies. The ensuing challenge was to ensure the flow of credit to MSMEs in the post-crisis recovery.
- **PA7** required the CGTMSE -- which guaranteed 50-85 percent of bank and non-bank loans to MSMEs for up to INR 20 million and which facilitated collateral-free lending -- to expand the limit for guarantee cover per borrower and to introduce a guarantee cover for co-lending by banks and non-banks. According to the Government, the policy innovation would bolster lending to MSMEs by an additional INR 2 trillion over the next five years. Over the long-term, the CGTMSE would also complete the digitalization of its claims process and introduce green guarantees, the latter supported in part by the Raising and Accelerating Micro, Small, and Medium Enterprise Performance Program-for-Results Project for India (2021-26). The relevance of PA7 is rated **satisfactory**.
- Under **PA8**, the National Credit Guarantee Trust Company revised, in March 2022, the guidelines for the ECGLS -- which the Government launched in May 2020 to provide fully guaranteed additional credit to MSMEs -- to ensure that sectors most affected by COVID-19 would have continued access to the emergency scheme. The emergency scheme -- which was slated to expire no later than March 2023 -- had forestalled 14 percent of MSME loans from turning into non-performing assets and averted job losses for 14 million workers, according to an evaluation report. The revised guidelines would allow existing beneficiaries to mobilize additional financing (borrowers with outstanding loans in end-February 2020 were previously excluded from further participating in the program), new borrowers to access the scheme, and more types of credit facilities to be covered by the emergency measure. The relevance of PA8 is rated **satisfactory**.
- With **PA9**, the Government created the Credit Guarantee Scheme for Micro Finance Institutions in July 2021 to provide guarantees to microfinance institutions, which, unlike banks, lacked direct access to the liquidity facilities of the Reserve Bank of India. Microfinance institutions were a vital source of financing for small enterprises, especially women owned or led enterprises. The Credit Guarantee Scheme for Micro Finance Institutions would provide guarantee coverage to lenders for the funding they provided to microfinance institutions which, in turn, on-lent to small borrowers. The scheme would provide a 75 percent guarantee to bank lending to microfinance institutions, with 50 percent of the funds allocated to lower-rated microfinance institutions and 80 percent for new lending to small borrowers. The relevance of PA9 is rated **satisfactory**.

Rating

Satisfactory

4. Relevance of Results Indicators

Rationale

The program defined nine results indicators (RIs) to capture the impact of the PAs and to measure progress toward the program objectives.

Table 2. Results Indicators							
Results Indicator	Associated Prior Action	Relevance Rating	Baseline	Target	Actual Value	Actual Change in Results Indicator Relative to Targeted Change, in Percent	Achievement Rating
Objective 1 - To catalyze sustainable private sector financing for infrastructure.							
RI1 - Total volume of loans disbursed by NaBFID for the infrastructure sector, in INR billion	PA1	Satisfactory	0 (June 2022)	1,000 (June 2024)	353.2 (June 2024)	35.3	Modest
RI2 - Total funds raised through monetization of brownfield assets included under the National Monetization Pipeline, in INR billion	PA2	Moderately Satisfactory	960 (FY2021-22)	1500 (FY2022-23)	1320 (FY2022-23)	66.7	Substantial
RI3 - Volume of RMBS PTC securitization transactions, in INR billion	PA3	Satisfactory	73.8 (FY2021-22)	100 (FY2022-23)	117.7 (FY2022-23)	167.6	High
Objective 2 - To catalyze sustainable private sector climate financing.							
RI4 - Volume of sovereign green bond issuances, in INR billion	PA4	Satisfactory	0 (March 2022)	230 (June 2023)	160 (June 2023)	69.6	Substantial

RI5 - Share of the top 1,000 listed companies complying with enhanced ESG disclosure requirements, in percent	PA5	Moderately Satisfactory	0 (March 2022)	100 (June 2024)	100 (June 2024)	100	Substantial
RI6 - Trading platform established to facilitate the national carbon market, yes/no	PA6	Satisfactory	No (March 2022)	Yes (June 2024)	Yes (June 2024)	100	High
Objective 3 - To catalyze sustainable private sector financing for MSMEs.							
RI7 - Volume of incremental guarantee cover under the CGTMSE, in INR billion	PA7	Satisfactory	368.9 (FY2020-21)	500 (FY2022-23)	1047 (FY2022-23)	517.2	High
RI8 - Volume of guarantees under the CGTMSE approved toward the loan accounts of women entrepreneurs, in INR billion	PA8	Satisfactory	51.6 (FY2020-21)	75 (FY2022-23)	209.4 (FY2022-23)	674.4	High
RI9 - Total lending under CGSMFI made primarily to women borrowers, in INR billion	PA9	Satisfactory	0 (July 2021)	90 (July 2022)	100 (July 2022)	111.1	High

Objective 1 - To catalyze sustainable private sector financing for infrastructure.

- **RI1** - The total volume of loans disbursed by NaBFID was selected to measure the impact of creating the NaBFID to mobilize private long-term finance for infrastructure projects. An increase in disbursements would reflect the provision of private long-term finance for infrastructure. RI1 was adequate for this purpose, reflecting the actual investment made in infrastructure. The relevance of RI1 is rated **satisfactory**.

- **RI2** - The total funds raised through the monetization of brownfield assets under the National Monetization Pipeline was adequate to measure the impact of recycling brownfield into greenfield assets (PA2). The funds raised though this monetization program would be available to fund investment under the National Infrastructure Pipeline, indicating success in the mobilization of private finance for infrastructure. But PA2 consisted of two other reform measures -- the authorization by the Reserve Bank of India for foreign portfolio investors to invest in debt issued by infrastructure investment trusts and the investment by Employees Provident Fund Organization in alternative investment funds and infrastructure investment trusts -- for which RI2 is not the results indicator. The relevance of RI2 is rated **moderately satisfactory**.
- **RI3** - The volume of RMBS PTC securitization transactions was adequate to measure the impact of improving the regulatory framework for securitization and establishing the securitization platform (PA3). An increase in securitization transactions would signify the mobilization of private long-term finance for housing, achieved through asset pooling, the creation of special purpose vehicles, "tranching" (division of the pooled assets into risk classes), credit enhancement, and the issuance and distribution of RMBS PTCs, giving mortgage lenders access to the capital market. It would have been more informative, however, if the program also reported on the number, and the profile, of new issuers and new investors in the RMBS PTC market -- information about which would have been available given the size of the PTC market but are not disclosed in the ICR. The information conveyed by additional indicators would reflect the breadth and the depth of growth in the securitization market. The relevance of RI3 is rated **satisfactory**.

Objective 2 - To catalyze sustainable private sector climate financing.

- **RI4** - The volume of sovereign green bond issuances would measure the impact of the Government issuing the country's first sovereign green bond (PA4) and of additional sovereign green bond sales after the inaugural issue, if there were any. The relevance of RI4 is rated **satisfactory**.
- **RI5** - The proportion of the top 1,000 listed companies that complied with enhanced ESG disclosure requirements would measure the impact of the new Business Responsibility and Sustainability Reporting requirements of the Security Exchange Board of India (PA5). The indicator, however, does not reflect anything of the quality of the ESG disclosures by the reporting firms in the absence of standards for the quality of the information set required by the securities regulator (the regulator had yet to develop its reporting portal, according to the ICR). The relevance of RI5 is rated **moderately satisfactory**.
- **RI6** - The establishment of a trading platform to facilitate the national carbon market was an appropriate results indicator to the prior actions designating the Bureau of Energy Efficiency as the creator and administrator of the national carbon market and laying out the rules for the operation of the carbon market (PA6). After the issuance of the *Roadmap of stainable and Holistic Approach to National Energy Efficiency* in October 2021, several more actions were necessary to implement the plan: (a) the Bureau of Energy Efficiency consulted with stakeholders on the *Draft Blueprint for a National Carbon Market* starting in January 2022; (b) the Government created a steering committee to provide strategic direction for the creation of the market and trading scheme in March 2022; and (c) Parliament amended the Energy Conservation Act of 2001 in December 2022 to authorize the market rules drafted by Bureau of Energy Efficiency. As carbon trading could not commence until the conclusion of this legislative, regulatory, and organization-building process,

setting the creation of the trading platform as the results target was entirely appropriate to measure the impact of PA6 toward the achievement of the objective to catalyze sustainable private sector climate financing. The relevance of RI6 is rated **satisfactory**.

Objective 3 - To catalyze sustainable private sector financing for MSMEs.

- **RI7** - An increase in the volume of incremental guarantee cover under the CGTMSE was adequate to measure the impact of prior actions raising the guarantee cover limit for each borrower and introducing guarantee covers for bank and nonbank co-lending (PA7). An increase would signify the successful mobilization of private financing for MSMEs. The relevance of RI7 is rated **satisfactory**.
- **RI8** - An increase in the volume of guarantees under the CGTMSE that were approved toward the loan accounts of women entrepreneurs was adequate to measure the impact of the prior action giving sectors worst affected by the COVID-19 pandemic continued access to the guaranteed emergency credit line (PA8). An increase in the metric would signify the successful mobilization of private financing for MSMEs. The focus on women entrepreneurs gave the results indicator added significance -- women-led MSMEs, which typically faced more restrictive collateral requirements than other MSMEs, were most adversely affected by the crisis. Hence, a results indicator focused on women entrepreneurs would be fully adequate to measure the impact of PA8. The relevance of RI8 is rated **satisfactory**.
- **RI9** - An increase in total lending under the CGSMFI that were made primarily to women borrowers was adequate to measure the impact of prior action of implementing the CGSMFI for small borrowers and women entrepreneurs impacted by the COVID-19 crisis (PA9). Like RI8, RI9 focused on women-led MSMEs, the explicit target of the prior action. An increase in the metric would reflect the successful mobilization of private financing for MSMEs. The relevance of RI9 is rated **satisfactory**.

Rating

Satisfactory

5. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To catalyze sustainable private sector financing for infrastructure.

Rationale

Theory of Change. Private capital for infrastructure investment was scarce and bound to get even scarcer, relative to the demand, given the fundamental asset-liability mismatch in infrastructure investing among commercial banks, the principal source of private capital for infrastructure projects so far. Two innovations would address this problem -- the creation of a specialized development finance institution for infrastructure, funded with long-term capital, and the monetization of brownfield infrastructure assets owned by the government. The impact of these actions would be evidenced by the volume on infrastructure loan disbursements by the new NaBFID and the volume of funds raised by the NMP. Two other measures would help mobilize private capital for infrastructure, focused on liberalizing the investment regime for the sector -- permitting foreign portfolio investors to invest in InvITs and allowing the EFPO to investment in AIFs. There were no results indicators defined for these prior actions. Separately, to attract more private capital for investment in housing, streamlining the system for issuing RMBS PTCs and creating a multi-originator RMBS PTC securitization platform aimed to boost PTC issuance as the alternative to loan sales in mortgage securitization. The impact of this reform would be measured by the volume of RMBS PTC securitization transactions. Altogether, the results chain was coherent and credible, although it could have been strengthened with definition of results indicators for the two investment liberalization measures.

Achievement of Objective. The degree of achievement of the objective to catalyze private sector financing for infrastructure is moderately satisfactory. The total volume of loans disbursed by NaBFID for the infrastructure sector reached INR 353.2 billion (US$4.24 billion equivalent) by closing (June 2024), only partially achieving the target increase to INR 1 trillion (US$11.98 billion equivalent). The total funds raised through the monetization of brownfield assets under the NMP increased from INR 960 billion (US$11.5 billion equivalent) in the baseline (FY2021-22) to INR 1320 billion (US$15.81 billion equivalent) by closing (FY2022-23), partially achieving the target increase to INR 1500 billion (US$17.97 billion equivalent). The impact of two related reform measures -- permitting foreign portfolio investors to invest in InvITs and allowing the EFPO to invest AIFs -- were not reported in the ICR for lack of results indicators. However, late data obtained by the Bank reveal that investments by foreign portfolio investors in InvITs and real estate investment trusts rose from US$112 million in the baseline (2020) to US$1.48 billion post-closing (2024) (although how much of the increment was due to the liberalization measure directly is unquantified), but that investment by the EFPO in AIFs remained nil at closing (2023). Meanwhile, the volume of Residential Mortgage-Backed Securities Pass-Through Certificate securitization transactions increased from INR 73.8 billion (US$0.88 billion) in the baseline (FY2021-22) to INR 117.7 billion (US$1.41 billion) by closing (FY2022-23), exceeding the target increase to INR 100 billion (US$1.19 billion equivalent). While at least some part of the NaBFID loan disbursement and the NMP monetization targets were met -- deserving a moderately satisfactory achievement of the objective to mobilize private capital for infrastructure investment -- the "other" problem (i.e., other than finance) plaguing the infrastructure sector in India -- the poor implementation of infrastructure projects -- was not addressed by this operation. Narrowing or closing the financing gap for infrastructure investment without addressing the project implementation problem would not solve the country's infrastructure under-investment issue.

Rating

Moderately Satisfactory

OBJECTIVE 2

Objective

To catalyze sustainable private sector climate financing.

Rationale

Theory of Change. With India extremely vulnerable to the effects of climate change but facing a wide gap in financing its NDC to the Paris Agreement (only a fourth of the requirement for 2019-2020 was available), three prior actions focused on mobilizing private capital for climate finance to address the funding shortfall -- the issuance of the country's first sovereign green bond, the requirement for the country's top 1000 firms to disclose their ESG investments, operations, and performance, and the creation of the trading platform for the national carbon market. The impact of these actions would be measured by the volume of sovereign green bond issuance, the percentage of the top 1000 firms that complied with new ESG disclosure requirements, and the establishment of the carbon market trading platform respectively. Of these results indicators, only the volume of sovereign green bond issuance would provide tangible evidence that climate financing had indeed been mobilized as a result of the prior actions. The compliance rate with ESG rules and the establishment of a trading platform can only be viewed as output indicators, with the outcome -- the mobilization of private capital for climate financing -- being measurable only in the future when the effects of the ESG transparency initiative would have materialized and the trading platform would have become fully operational with actual sales and purchases of carbon credits.

Achievement of Objective. The degree of achievement of the objective to catalyze private sector climate financing is satisfactory. The volume of sovereign green bond issuances reached INR 160 billion (US$1.92 billion equivalent) by closing (June 2023), partially achieving the target increase to INR 230 billion (US$2.75 billion equivalent). After the inaugural issue of INR 160 billion in in June 2023, the Government sold another INR 200 billion in new tranches in November and December 2023, according to the ICR. The share of the top 1,000 listed companies that complied with enhanced ESG disclosure requirements was 100 percent by closing (June 2023), achieving the target increase to 100 percent. However, the contribution of this result to the achievement of the objective is weaker than implied by the 100 percent compliance rate. The Security Exchange Board of India had not developed the reporting portal for ESG disclosures nor standardized the reporting norms required of the top firms. This implied that the quality of the ESG disclosures, notwithstanding the perfect compliance ratio, would have varied across firms, weakening the ability of the new ESG disclosure system to inspire investor confidence in the climate finance market as intended. Finally, the trading platform to facilitate the national carbon market was established by closing (June 2024), meeting the target. As the trading platform had yet to become fully operational however, its impact on the objective to catalyze private sector climate financing had yet to be demonstrated.

Rating

Satisfactory

OBJECTIVE 3

Objective

To catalyze sustainable private sector financing for MSMEs.

Rationale

Theory of Change. Already facing a huge financing gap of as much as 13 percent of GDP in 2018, the MSME sector suffered disproportionately from the economic slowdown and the credit crunch following the outbreak of the COVID-19 pandemic in 2020. The Government had responded to the credit crunch with an overhaul of the credit guarantee system for MSMEs. As the country aimed to rebound from the crisis, it was important to ensure the availability of MSME financing during the recovery phase of the economic cycle by strengthening the innovations to the credit guarantee schemes deployed during the pandemic -- expanding the guarantee limits under the CGTMSE, introducing guarantee covers for co-lending by banks and non-banks, continuing the ECGLS in MSME sectors worst affected by the crisis for a while longer, and implementing the CGSMFI focused on small borrowers and women entrepreneurs. The impact of these actions would be measured and reflected in a greater volume of credit guarantees and credit guarantee-supported lending to MSMEs.

Achievement of Objective. The degree of achievement of the objective to catalyze private sector financing for MSMEs is highly satisfactory. The volume of incremental guarantee covers under the CGTMSE rose from INR 368.9 billion (US$4.42 billion) in the INR 1047 billion (US$12.54 billion equivalent) by closing (FY2022-23), exceeding the target increase to INR 500 billion (US$5.99 billion). The volume of guarantees under the CGTMSE that were approved toward loan accounts of women entrepreneurs rose from INR 51.6 billion (US$0.62 billion equivalent) in the baseline (FY2020-21) to INR 209.4 billion (US$2.51 billion equivalent) by closing (FY2022-23), exceeding the target of INR 75 billion (US$0.9 billion equivalent). Total lending under the CGSMFI primarily to women borrowers reached INR 100 billion (US$1.2 billion equivalent) by closing (July 2022), exceeding the target increase to INR 90 billion (US$1.07 billion equivalent). The latter two results were significant because they benefitted an MSME sector worst affected by the credit crunch -- women-owned or -led MSMEs. While these actions helped ease the credit crunch faced by MSMEs following the crisis, they however created new contingent liabilities for the Government -- the CGTMSE and the CGSMFI were public credit guarantee schemes -- that must be closely monitored and addressed in the future.

Rating

Highly Satisfactory

Overall Achievement of Objectives (Efficacy)
Rationale

The efficacy of the objective to catalyze sustainable private sector financing for infrastructure is rated moderately satisfactory, the objective to catalyze sustainable private sector financing for green investing, satisfactory, and the objective to catalyze sustainable private sector financing for MSMEs, highly satisfactory. The overall efficacy is rated satisfactory.

Overall Efficacy Rating
Satisfactory

6. Outcome

Rationale

The relevance of prior actions is rated satisfactory. The efficacy is rated satisfactory. The outcome of the operation is rated satisfactory.

a. Rating

Satisfactory

7. Risk to Development Outcome

Several development outcomes achieved by this operation will likely face moderate to substantial sustainability risks.

Infrastructure Project Implementation and Infrastructure Finance. Uncertainties with the implementation of the National Infrastructure Pipeline could adversely affect the mobilization of private, long-term, and foreign finance for infrastructure. The risks arise from chronic problems with the implementation of infrastructure projects in India in general: (a) project implementation is often slow -- only five percent of the National Infrastructure Pipeline has been implemented so far; (b) projects are typically marred by cost overruns and completion delays -- difficulties with land acquisition, delays with regulatory clearances, and problems with financial closures raise costs and protract execution; an (c) operational problems spill into financial difficulties for investors and lenders -- investors and lenders consequently face liquidity issues and asset quality impairments.

ESG Disclosures and Climate Finance. Although all top 1,000 listed companies complied with the ESG disclosure requirements mandated by the Security Exchange Board of India, the ESG filings have not been tested for their quality. The securities regulator has yet to standardize reporting contents and formats and will develop an online portal in the future for this purpose. The drawback with a lack of standardization is that the quality of disclosures will be uneven, failing to motivate ESG investment. Post-closing information obtained by the Bank indicate that the securities regulator is undertaking steps to improve the disclosure framework, including by: (a) introducing a set of Key Performance Indicators pertaining to ESG attributes; (b) prescribing ESG reporting on the firms' value chains; (c) requiring assessments of the disclosures by an independent competent agency; and (d) developing ESG ratings for investors. These initiatives suggest that the new ESG disclosure regime is at best an evolving enterprise.

Greenium and Climate Finance. To the extent that the "greenium" -- the green premium, or the amount by which the yield of a green bond is lower than that of an otherwise identical conventional bond -- is a factor in ESG investment in India (i.e., investors are willing to pay extra or accept lower yields for green bonds in exchange for their sustainable impact), then any compression in the current greenium (calculated at 6 basis points for the inaugural sovereign issue in February 2023) could dampen investor enthusiasm for Indian green bonds. Many factors influence the greenium, including issuance costs, and these could affect investor appetite for green bonds.

MSME Finance and Contingent Liabilities. The expanded use of public credit guarantee schemes for MSMEs -- the permanent CGTMSE and the emergency ECLGS and CGSMFI -- helped address the credit crunch problems faced by MSMEs following the COVID-19 crisis, but created new contingent liabilities for the Government. A recapitalization of the CGTMSE might be necessary in the future to mitigate the associated fiscal risks.

8. Assessment of Bank Performance

a. Bank Performance – Design

Rationale

Analytical Underpinning. The reforms were informed by analytical work produced by the Bank and the Government, including those delivered as part of technical assistance activities.

- PA1 - World Bank, *Technical Assistance to the Department of Economic Affairs on Infrastructure Finance*, 2019: Commercial banks are unsuited for long-term finance for infrastructure projects because of asset-liability mismatches. A development finance institution would obviate this problem. Moreover, a development finance institution could offer a range of services -- financing, structuring, and credit enhancement -- to make infrastructure projects commercially viable.
- PA2 - World Bank, *Technical Assistance to the Department of Economic Affairs on Infrastructure Finance*, 2019, and NITI Aayog, *National Monetization Pipeline Reports,* various years: Asset recycling and monetization through the National Monetization Pipeline and the innovative instruments like infrastructure investment trusts would help create value in infrastructure by unlocking the value created by public investment and by tapping into the operational efficiencies contributed by private management.
- PA3 - World Bank and International Finance Corporation, *Technical Assistance to the Government of India on Housing Finance,* and Reserve Bank of India, *Expert Committee Report on Housing Finance*, 2019: Housing finance companies and other mortgage lenders need access to long-term funds to expand housing finance. Securitization would enable the mobilization of long-term funds from investors.
- PA4 - World Bank, *Technical Assistance to the Government of India on Bond Market Development,* and International Finance Corporation, *Technical Assistance to the Government of India on Sustainable Finance*: A sovereign green bond would be key to developing the climate finance market. It would signal the country's commitment to a low carbon economy and help crowd in private capital for climate finance.
- PA5 - International Finance Corporation, *Technical Assistance to the Government of India on Sustainable Finance* and Securities, and Exchange Board of India, *Papers on the ESG Framework*: ESG reporting by the top firms would improve corporate transparency, strengthen risk management, and promote stakeholder engagement on sustainable finance.
- PA6 - World Bank, Technical Assistance to the Government of India on the Partnership for Market Readiness: Carbon markets have lowered the cost of reducing emissions in many countries. A domestic carbon market would do the same for India, as several leading companies have already embedded an internal carbon price into their business strategies and operations.
- PA7 - Financial Institutions, Resources, Solutions and Tools (FIRST), *Technical Assistance to the Small Industries Development Bank of India,* and Reserve Bank of India, *Expert Committee Report on MSMEs*, 2019: The CGTMSE scheme has helped MSMEs access collateral-free funding. The scheme could be made more effective and inclusive by adding new classes of borrowers and lender, introducing new products, and digitalizing the claims process.
- PA8 - TransUnion CIBIL Ltd., *ECLGS Impact Assessment Report,* 2021*:* The ECLGS scheme has helped preserve jobs during the COVID-19 pandemic. Focusing on sectors most severely affected by the crisis is warranted as the economy moves towards recovery.

- PA9 - Microfinance Industry Association Reports and Small Industries Development Bank of India Reports: Microfinance institutions need funding support to ensure that credit to small borrowers, especially women entrepreneurs, does not decline sharply during the COVID-9 pandemic.

Links to Related Operations. This program would reinforce the development outcomes of Bank operations advancing related objectives. Among these related operations, those initiated prior to (e.g., three years prior to), or concurrently with, this program included:

- On Housing Finance - (a) the Tamil Nadu Housing and Habitat Development Project for India (2020-25) aimed to strengthen the housing sector institutions of Tamil Nadu for increased and sustainable access to affordable housing; and (b) the Second Tamil Nadu Housing Sector Strengthening Program Development Policy Loan (2022-24) aimed to support the Government of Tamil Nadu to increase access to and sustainability of affordable housing by deepening policy reforms and strengthening institutions.
- On Climate Finance: (a) the Innovation in Solar Power and Hybrid Technologies Project for India (2019-24) aimed to demonstrate the operational and economic feasibility of utility scale innovative renewable energy technologies and battery energy storage solutions, and to strengthen institutional capacity to facilitate scale-up of such technologies on a commercial basis in India.
- On MSME Finance: (a) the India SEWA 2025 Digital Financial Inclusion of Informal Sector (2019-23) aimed to foster increased use of digital financial services by women engaged in informal activities in target states; (b) the Micro, Small and Medium Enterprises Emergency Response Development Policy Loan (2020-21) aimed to support the Government of India in preserving flows of finance to MSMEs through the COVID-19 crisis and lay the foundations for a stronger MSME financing ecosystem in the recovery phase; and (c) the Raising and Accelerating Micro, Small, and Medium Enterprise Performance Program-for-Results Project for India (2021-26) aimed to strengthen MSME performance through sustainable and innovative market-based services at central level and in selected states.

Collaboration with Development Partners. The Bank collaborated closely with other development partners in the design and implementation of the reforms advanced by this operation. The Bank drew on the International Finance Corporation's engagement with the Government on climate finance and on MSME finance, including the joint Bank-IFC Technical Assistance to the Small Industries Bank of India, to inform and shape the design of the second (PA4, PA5, and PA6) and third (PA7, PA8, and PA9) program components. The Bank coordinated the implementation of some reform measures with the Asian Development Bank, specifically measures strengthening credit guarantee schemes for MSMEs (PA7).

Implementation Risks and Mitigation Measures. The Bank considered the risk of the program to be moderate overall. The residual risk stemmed from any weak response by the private sector to the effort by the reform program to mobilize long-term finance for infrastructure, housing, and climate investment and for MSME lending. The Program Document considered the strong commitment by the Government to the reform measures, the improved capacity of the private sector to respond to economic incentives, and the robust pipeline of bankable infrastructure and green projects to be strong mitigating factors to address program implementation risks.

Rating

Satisfactory

b. Bank Performance – Implementation

Rationale

Monitoring. The Bank monitored the implementation of the reforms closely. Monitoring data was readily available to the Bank from the Ministry of Finance, the Reserve Bank of India, and the Ministry of Statistics and Programme Implementation, according to the ICR.

Implementation Support. The Bank consulted regularly with program beneficiaries, including banks, non-bank financial companies. microfinance institutions, and their industry associations (e.g., the Indian Banks Association), to help identify and address program implementation issues. The consultations led to enhanced efforts to strengthen ESG disclosure practices (PA5), among others, according to the ICR. The consultations also resulted in regular reviews by the Bank and the Government of the operations of the credit facilities (PA7) supported by this operation, especially the emergency guarantee facilities (PA8 and PA9), to ensure that they were responsive to the exigencies posed by the COVI-19 pandemic.

Rating

Satisfactory

c. Overall Bank Performance

Rationale

Overall Bank Performance Rating

Satisfactory

9. Other Impacts

a. Social and Poverty

The operation had positive impacts on poverty, gender, and social outcomes, according to the ICR, although the evidence cited pertained solely to the gender effects of the third program policy area (see Section 9.C).

b. Environmental

The reform program had positive environmental impacts, according to the ICR. The document cites the completion of prior actions under the second program component to make the argument. The issuance by the Government of sovereign green bonds, the compliance by the top 1,000 listed companies of new ESG reporting requirements (notwithstanding the lack of standardization), and the establishment of the trading platform for the national carbon market (see Section 3.B) would help India meet its climate change adaptation and mitigation objectives, according to the argument. The ICR does not offer any additional data to support this statement.

c. Gender

The ICR cited RI7, RI8, and RI9 data to support its conclusion about the positive gender impacts of the operation. Incremental guarantee covers under the CGTMSE, guarantees under the CGTMSE women entrepreneurs, and lending under the CGSMFI to women borrowers all exceeded their targets (see Section 5 - Objective 3), providing women-led MSMEs continued access to credit facilities during the COVID-19 pandemic and mitigating the adverse economic and social effects of the crisis on disadvantaged women entrepreneurs.

d. Other

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10. Quality of ICR

Rationale

The ICR followed OPCS guidelines on ICRS for development financing operations, with a substantive discussion of the relevance of the prior actions and their contribution to the program objectives. The assessment of the program's efficacy was well founded and included information beyond that conveyed by the results indicators. The account of the Bank's performance at design and during implementation was sufficiently detailed. The discussion of the risks to the development outcomes achieved by this operation was insightful and remarked on topics and issues that were not more thoroughly discussed in the Program Document -- infrastructure project execution, the green premium, and contingent government liabilities.

a. Rating

Substantial

11. Ratings

Ratings	ICR	IEG	Reason for Disagreement/Comments

Outcome	Satisfactory	Satisfactory
Bank Performance	Satisfactory	Satisfactory
Relevance of Results Indicators	---	Satisfactory
Quality of ICR	---	Substantial

12. Lessons

Two lessons are drawn from the ICR, with some adaptation.

A more conservative performance results target would be suitable for a new institution. The new National Bank for Infrastructure Development, created in 2021 to mobilize private long-term finance for infrastructure projects, disbursed only a third of the target loan volume for infrastructure projects by mid-2024. While lingering problems with project implementation in infrastructure remained a problem in India, including in the National Infrastructure Pipeline (see Section 7), the novelty of the agency was a significant factor in the agency's performance. In the three years since its creation, the new development finance institution had to recruit staff, establish internal processes, and set governance standards before it could approve or disburse loans for infrastructure projects.

Sustained engagement by the Bank with a government over time on structural and policy reforms enables the Bank to be responsive to a client's request for support, including in crisis situations. The Bank's and the International Finance Corporation's long engagement with the Government of India -- through operations, technical assistance, and analytical and advisory services -- on MSME development and MSME finance (see Section 8.A) allowed the Bank to readily support interventions to sustain the flow of public and private credit to MSMEs during the COVID-19 pandemic, including through the recovery from the crisis. The expansion of the CGTMSE, the extension of the ECLGS, and the implementation of the CGSMFI drew from the Bank's, the International Finance Corporation's, and the multi-donor FIRST's long-standing work with the Ministry of Micro, Small, and Medium Enterprises, the Small Industries Development Bank of India, the CGTMSE, and the National Credit Guarantee Trust Company to improve the productivity, the financial viability, and the competitiveness of the MSME sector in India.

13. Project Performance Assessment Report (PPAR) Recommended?

No