



CREDIT NUMBER 7609-IN

Financing Agreement

(Second Low-Carbon Energy Programmatic Development Policy Financing)

between

INDIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION



CREDIT NUMBER 7609-IN

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between INDIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Recipient has already taken under the Program, and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Recipient’s maintenance of an adequate macroeconomic policy framework.

WHEREAS, the Recipient has requested the International Bank for Reconstruction and Development (“Bank”) to contribute to the financing of the Program with a loan in the amount of one billion four hundred sixty-eight million five hundred thousand Dollars (\$1,468,500,000).

The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — CREDIT

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Non-concessional Financing for purposes of the General Conditions, in the amount of thirty one million five hundred thousand Dollars (\$31,500,000), as such amount may be converted from time to time through a Currency Conversion (“Credit”).
- 2.02. The Front-end Fee is one quarter of one percent ($\frac{1}{4}$ of 1%) of the Credit amount.
- 2.03. The Commitment Charge is one-quarter of one percent ($\frac{1}{4}$ of 1%) per annum on the Unwithdrawn Credit Balance.

- 2.04. The Interest Charge is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.09(e) of the General Conditions.
- 2.05. The Payment Dates are June 15 and December 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
 - (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:

- (a) the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
 - (b) The Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of the Financing Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is any of the following officials acting severally: The Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary, or Under Secretary of the Department of Economic Affairs of the Recipient's Ministry of Finance.
- 6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

Secretary
Department of Economic Affairs
Ministry of Finance
Government of India
North Block
New Delhi 110 001, India; and

(b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
+91-11-23094075	secy-dea@nic.in

- 6.03. For purposes of Section 11.01 of the General Conditions: (a) The Association's address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Association's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423 (MCI)	1-202-477-6391	wbindia@worldbank.org

AGREED as of the Signature Date.

INDIA

By



Authorized Representative

Name: Manisha Sinha

Title: Additional Secretary

Date: 15-Jul-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Hideki Mori

Title: Acting Country Director for India

Date: 13-Jul-2024

SCHEDULE 1

Program Actions; Availability of Credit Proceeds

Section I. Actions under the Program

The actions taken by the Recipient under the Program include the following:

Pillar I: Promoting Green Hydrogen

1. To increase the domestic production of green hydrogen (“GH”) and local manufacturing of electrolyzers, the Recipient, through the Ministry of New and Renewable Energy (“MNRE”), has: (a) notified the incentive schemes for GH production and electrolyzer manufacturing, which specify the detailed incentives and eligibility criteria for recipients, and outline the framework for bidder selection through a transparent and competitive process; and (b) appointed SECI as the implementing agency to manage these incentive schemes, as evidenced by: (i) MNRE’s Sanction for the Scheme Guidelines for implementation of SIGHT Programme - Component I: Incentive Scheme for Electrolyzer Manufacturing, dated June 28, 2023; and (ii) MNRE’s Sanction for the Scheme Guidelines for implementation of SIGHT Programme - Component I: Incentive Scheme for Green Hydrogen Production, dated June 28, 2023.
2. To increase the consumption of GH and ammonia in key demand sectors, the Recipient, through the MNRE, has issued guidelines for transparent and competitive bidding process on the demand aggregation model, as evidenced by: (i) MNRE’s Sanction for the Scheme Guidelines for implementation of ‘SIGHT Programme - Component II: Incentive for Procurement of Green Ammonia Production (under mode-2A)’, dated January 16, 2024; and (ii) MNRE’s Sanction for the Scheme Guidelines for implementation of ‘SIGHT Programme - Component II: Incentive for Procurement of Green Hydrogen Production (under mode-2B)’, dated January 16, 2024.
3. To ensure that the incentives scheme under SIGHT and bulk procurement benefit only green hydrogen projects, the Recipient, through the MNRE, has notified a GH standard that defines the eligibility criteria for consideration as green hydrogen, as evidenced by the Office Memorandum No. 353/35/2022-NT issued by the MNRE under the National Green Hydrogen Mission, dated August 18, 2023.

Pillar 2: Scaling up Renewable Energy

4. To improve RE grid integration, the Recipient, through the Ministry of Power (“MoP”) has notified the Electricity (Amendment) Rules, 2023 as evidenced by its publication in the Official Gazette (Gazette No. 377) dated May 29, 2023, and through the Central Electricity Regulatory Commission (“CERC”) has notified

the Indian Electricity Grid Code, as evidenced by its publication in the Official Gazette (Gazette No. 488), dated July 11, 2023.

5. To reduce costs for battery energy storage systems (“BESS”) and thereby promote integration of RE into the grid, the Recipient, through its Cabinet, has approved an incentive scheme for BESS, as evidenced by the Press Information Bureau’s press release on the Cabinet’s approval of the scheme titled “Viability Gap Funding for development of BESS”, dated September 6, 2023.

Pillar 3: Enhancing finance for low-carbon energy investments

6. To facilitate tracking and trading of carbon credits, the Recipient, through the Ministry of Power (“MoP”), has notified the Carbon Credit Trading Scheme (“CCTS”), that sets forth the governance structure and functions of the CCTS, as evidenced by MoP’s notification, published in the Official Gazette (Gazette No. 2702), dated June 28, 2023.
7. To promote green finance while preventing greenwashing, the Recipient, through SEBI, has issued a regulatory framework for Environment, Social and Governance (“ESG”) Disclosures, Ratings, and Investing, as evidenced by : (a) SEBI Master Circular for ESG Rating Providers dated July 12, 2023; (b) SEBI Circular on ESG Mutual Fund Schemes dated July 20, 2023; and (c) SEBI (Credit Rating Agencies) (Amendment) Regulations 2023 published in the Official Gazette (Gazette No. 465), dated July 3, 2023.

Section II. Availability of Credit Proceeds

- A. **General.** The Recipient may withdraw the proceeds of the Credit in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. **Allocation of Credit Amounts.** The Credit is allocated in: (a) a single withdrawal tranche, from which the Recipient may make withdrawals of the Credit proceeds; and (b) the amounts requested by the Recipient to: (i) pay: (A) the Front-end Fee; and (B) each Interest Rate Cap or Interest Rate Collar premium. The allocation of the amounts of the Credit to this end is set out in the table below:

Allocations	Amount of the Credit Allocated (expressed in Dollars)
(1) Single Withdrawal Tranche	31,421,250
(2) Front-end Fee	78,750
(3) Amount due pursuant to Section	

4.06 (c) of the General Conditions	
TOTAL AMOUNT	31,500,000

C. Withdrawal Tranche Release Conditions.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.

D. Deposit of Financing Amounts.

1. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the Indian Rupees equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

E. Closing Date. The Closing Date is June 30, 2026.

APPENDIX

Section I. Definitions

1. “BESS” means battery energy storage system.
2. “Cabinet” means the Recipient’s council of ministers comprising of those ministers with Cabinet-rank, as set forth in the Borrower’s constitution, or any successor thereto.
3. “Carbon Credit Trading Scheme” or “CCTS” means the Recipient’s Carbon Credit Trading Scheme.
4. “Central Electricity Regulatory Commission” or “CERC” means the regulatory body set up under Section 76 of the Recipient’s Electricity Act, 2003, with the mandate among other things to regulate tariffs of power generating companies and promote the development of the power market.
5. “Electricity (Amendment) Rules, 2023”, means the rules, which amended the Electricity Rules, 2005 as evidenced by its publication in the Official Gazette (Gazette No. 377) dated May 29, 2023.
6. “Environment, Social and Governance (“ESG”) Disclosures, Ratings, and Investing” means a regulatory framework issued by SEBI to promote green finance while preventing greenwashing.
7. “ESG Rating Providers” means the rating providers as defined in the SEBI (Credit Rating Agencies) (Amendment) Regulations 2023.
8. “Fiscal Year” or “FY” means the Recipient’s fiscal year, which begins on April 1 of each calendar year and ends of March 31 of the next calendar year.
9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018 (last revised on July 15, 2023).
10. “GH” means green hydrogen.
11. “Indian Electricity Grid Code” means the Recipient’s Electricity Grid Code (Indian Electricity Grid Code) Regulations, 2023, a regulation describing the philosophy and the responsibilities for planning and operation of Indian power system specified by CERC in accordance with sub section 1(h) of Section 79 of the Electricity Act, 2003.
12. “Indian Rupees” means the lawful currency of the Recipient’s.

13. “Ministry of Finance” means the Recipient’s Ministry of Finance, or any successor thereto.
14. “Ministry of New and Renewable Energy” or “MNRE” means the Recipient’s Ministry of New and Renewable Energy, or any successor thereto.
15. “Ministry of Power” or “MoP” means the Recipient’s Ministry of Power, or any successor thereto.
16. “National Green Hydrogen Mission” means an action plan launched by the Recipient in January 2023 to establish a conducive green hydrogen ecosystem and catalyze large-scale green hydrogen investments, to eventually position India as a global hub for production, usage, and export of green hydrogen and its derivatives.
17. “Official Gazette” means one of the Recipient’s official journals in which laws enacted by the Recipient are published.
18. “RE” means renewable energy.
19. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated June 5, 2024 from the Borrower to the Bank declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
20. “RE-plus-BESS” means renewable energy plus battery energy storage system.
21. “SEBI (Credit Rating Agencies) (Amendment) Regulations 2023” means the regulations published in the Official Gazette (Gazette No. 465) dated July 3, 2023.
22. “SEBI” means the Securities Exchange Board of India, established and governed under the Securities and Exchange Board of India Act, 1992 (15 of 1992), to, among other things, protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
23. “SECI” means “Solar Energy Corporation of India Limited”, a state-owned corporation, originally registered under Section 25 (not-for-profit) of the Guarantor’s Companies Act (1956), and converted on November 9, 2015 under Section 3 of the Guarantor’s new Company Act (2013), pursuant to Certificate of Incorporation No. CUI U40106DL2011GOI225263.

24. “SIGHT Programme” or “SIGHT” means, the Recipient Strategic Interventions for Green Hydrogen Transition scheme that provides for financial incentives targeting domestic manufacturing for electrolyzers and production of GH.
25. “Signature Date” means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
26. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
27. “Viability Gap Funding for development of BESS”, means the Recipient’s scheme for viability gap funding for development of BESS, dated September 6, 2023.