# World Bank Approves $1.5 Billion Financing to Boost Low-Carbon Energy Development in India



The World Bank’s Board of Executive Directors has approved $1.5 billion in financing for a second operation to assist India in advancing low-carbon energy development. This initiative aims to foster a robust market for green hydrogen, increase renewable energy, and encourage low-carbon energy investments.

India is noted as the fastest-growing large economy globally, necessitating the decoupling of economic growth from emissions growth, particularly within hard-to-abate industrial sectors. The Second Low-Carbon Energy Programmatic Development Policy Operation will support reforms crucial for boosting green hydrogen production and the usage of electrolyzers, which are essential for green hydrogen production. It also supports renewable energy integration through incentives for battery energy storage solutions and amendments to the Indian Electricity Grid Code.

Previously, in June 2023, the World Bank approved a similar $1.5 billion operation, focusing on waiving transmission charges for renewable energy in green hydrogen projects and facilitating the launch of 50 GW of renewable energy tenders annually. This first operation also established a legal framework for a national carbon credit market.

The reforms projected under this second operation are expected to result in annual production of at least 450,000 metric tons of green hydrogen and 1,500 MW of electrolyzers from FY25/26 onwards. Additionally, these reforms will help increase renewable energy capacity and aim to cut emissions by 50 million tons per year. The operation is also set to advance the development of a national carbon credit market.

"The World Bank continues to support India's low-carbon development strategy," said Auguste Tano Kouame, World Bank Country Director for India. "This will aid the country in achieving its net-zero targets and generate clean energy jobs in the private sector."

The financing arrangement includes a $1.46 billion loan from the International Bank for Reconstruction and Development (IBRD) and a $31.5 million credit from the International Development Association (IDA). The initiative aligns with India’s energy security goals and the World Bank’s Hydrogen for Development (H4D) Partnership.