***Subject:*** Invitation for Expression of Interest (EOI) for partnering in implementation of Energy Efficiency Improvement Projects in the Municipal Sector through ESCO mode under the project "India: Partial Risk Sharing Facility for Energy Efficiency"

Greetings from All India Institute of Local Self Government!

We are hereby inviting your organization **(…………)**for participation in the Partial Risk Sharing Facility for Energy Efficiency (PRSFEE) program in the Municipal services sector. This letter will describe the purpose of this program and the way forward for association with your organization in implementing EE projects in Municipal sector.

The energy consumption of India is bound to rise, due to rapid urbanisation in India. With rise in urban areas there is certainly rise in demand for energy and it is estimated that with energy consumption as usual the demand will rise more than twice the present requirement. Hence, reducing demand through improved efficiency of devices and procedures is the need of the hour for a stable energy future.

It is in this context that **Small Industries Development Bank of India (SIDBI)** is implementing a **Partial Risk Sharing Facility for Energy Efficiency (PRSFEE)** with the support of the **World Bank Group, Global Environment facility (GEF) and Clean Technology Fund (CTF)**, which guarantees to the Participating Financial Institutions (PFIs) i.e., Banks/FIs/NBFCs for the Energy Efficiency loans extended by them through Energy Service Companies (ESCOs). The project provides partial credit guarantees to PFIs (75% of the total project cost) to cover a share of default risk faced by them in extending loans to Energy Efficiency (EE) projects implemented by the Host entity through ESCOs, after entering into Energy Saving Performance Contracts. This scheme is applicable for the sectors of Large Industries, MSMEs, Municipalities and Buildings.

SIDBI has selected AIILSG as the Consultancy Agency for identification and generation of EE projects in Urban Local Bodies.  AIILSG has been working with the Urban Local Bodies (ULBs) for the past 92 years on policy advocacy, capacity building and technical consulting in the areas of Urban Governance & development, Energy Efficiency and sustainability, etc.

AIILSG is in process of identifying EE projects under the municipalities sector with higher technical and financial importance which shall include any of the following sections.

* Municipal Water pumping
* Street lighting
* Municipal buildings
* Municipal Water treatment
* Municipal Energy Management

Some of the Municipal bodies in India have provided their expression of interest in implementing EE projects under PRSFGEE program. Further, these projects will be proposed to SIDBI and the financing will be made available from Empanelled PFIs under this program such as Yes Bank, Corporation Bank, Tata Cleantech Capital, Electronica Finance, SREI Infrastructure Private Limited, et al.

As an empanelled ESCO under BEE and given your expertise, we kindly request you to provide your expression of interest in partnering with AIILSG for implementing energy efficiency improvement projects under this scheme in the aforementioned sectors. Please feel free to contact us to discuss on the way forward.

Grateful for your advice.