NEWS RELEASE

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World Bank-administered GPOBA and Reliance Energy to help provide electricity connections for Mumbai’s Shivajinagar Slum

New Delhi, May 20, 2009 – The World Bank, acting as administrator for the Global Partnership on Output-Based Aid (GPOBA), has just approved a grant for US$1.65 million to subsidize part of the costs of electricity connection and wiring for inhabitants of the Shivajinagar slum in Mumbai.

Up to 26,000 slum households or approximately 104,000 slum dwellers are expected to eventually benefit from the scheme, either through new electricity connections or regularization of existing connections.

Reliance Energy, the local distribution company, will act as payment coordinating agent and has agreed to review its distribution system in this area for further enhancement as required, to support this initiative.

“The GPOBA project will benefit Mumbai’s slum residents by reducing the cost of legal electricity connection, improve safety, increase productivity and help children study in their homes,” said Mr. Roberto Zagha, World Bank Country Director for India. “The output-based approach requires evidence of good service delivery prior to payment. It has the potential to be replicated in slum communities across Mumbai -- and India.”

“We serve more than 10 lakhs consumers, who are residing in unorganized developments and consume less than 100 units of electricity in a month. It would be our endeavour to ensure that these consumers do get a metered supply and enjoy a privilege of being a proud citizen of this great metropolitan city. We, therefore, welcome the initiative and assure best of our services to all the concerned”, said Mr. Lalit Jalan, Director, Reliance Infrastructure Limited.

Under the scheme, GPOBA will fund approximately two-thirds of the cost of wiring to the house and internal wiring. The customers will pay the balance. For new connections, customers will additionally pay three-quarters of the service connection charge, with GPOBA providing the rest as a subsidy. Customers will take full responsibility for costs of ongoing electricity use.

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The wiring from the meter to the house and internal wiring will be carried out by licensed electricity contractors (LECs), chosen directly by the customers. Part payments of costs will be made after independent verification has been received of safe working connections. A portion of the GPOBA reimbursements will be withheld for 6 months and will be paid after verification that an appropriate quality of electricity service continues to be offered.

The GPOBA project forms a financing window in a larger Slum Electrification and Loss Reduction program, led by the United States Agency for International Development (USAID) in cooperation with the International Copper Association (through its Indian arm, the International Copper Promotion Council India or ICPCI). The USAID program aims to develop, test, evaluate, and scale-up customized approaches for improving electricity access and reducing utility losses in slum areas. Community training in safe and legal use of electricity and training for LECs will form part of this program.

“Through this project, various participating agencies will engage more directly with slum communities to explain about legal electricity service and its associated benefits and responsibilities,” said Simone Lawaetz, the USAID project manager. “This will enable the slum households to use their service safely and efficiently as well as assist the utility in reducing theft and improving network stability over the longer term.”

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About GPOBA

The Global Partnership on Output-Based Aid (GPOBA) is a global partnership administered by the World Bank. GPOBA was established in 2003, initially as a multi-donor trust fund, to develop output-based aid (OBA) approaches across a variety of sectors including infrastructure, health, and education. OBA subsidies are designed to create incentives for efficiency and the long-term success of development projects.

GPOBA’s current donors are the UK’s Department for International Development (DFID), the International Finance Corporation (IFC), which is a member of the World Bank Group, the Directorate-General for International Cooperation of the Dutch Ministry of Foreign Affairs (DGIS), the Australian Agency for International Development (AusAID), and the Swedish International Development Cooperation Agency (Sida).

For more information on GPOBA, please visit: www.gpoba.org

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