

ADB approves USD 430M loan to rehabilitate UP's power distribution

By TIOL News Service

MANILA, DEC 1, 2020: THE

Asian Development Bank (ADB) today approved a \$430 million multi-tranche financing facility (MFF) to improve the quality and reliability of electricity supply to benefit approximately 70 million people in 46,000 villages of Uttar Pradesh.

The Uttar Pradesh Power Distribution Network Rehabilitation Project will improve the efficiency and sustainability of power supply in Uttar Pradesh, the bank said in a press release. The project will finance the conversion of 65,000 km of rural low-voltage distribution lines from bare conductors to aerial bundle conductors.

“Reliable and sustainable power distribution and service is an important aspect to India's growth and development. This project fully supports the government of India's vision of ‘Power for All’ in a sustainable and inclusive way in the largest and one of the poorest states in India,” said ADB Principal Energy Specialist for South Asia, Mr Pradeep Perera.

The project will also finance the construction of a parallel network of 11-kilovolt feeders with a total length of 17,000 km to separate the distribution of electricity between residential consumers and agriculture consumers. This will facilitate the use of solar energy to meet the agriculture demand, increase in electricity supply duration to rural residential consumers, and energy and water conservation. In addition, the project will improve the gender inclusivity, corporate governance, and financial management capacity of Uttar Pradesh Power Corporation Limited (UPPCL).

Mr Perera added, “Existing rural power distribution networks will be upgraded to enable the provision of reliable supply to customers in rural Uttar Pradesh in a financially sustainable manner.”

The MFF is complemented by a USD 2 million grant from ADB's Technical Assistance Special Fund and the Japan Fund for Poverty Reduction to strengthen the gender inclusivity and institutional capacity building of Uttar Pradesh power sector.

The grant will pilot test innovative bill collection strategies involving rural women self-help groups, pilot test gender-sensitive workplace practices, provide capacity building for improved financial management, gender-inclusive workplace practices, and strengthen project management and safeguard compliance capacity of UPPCL.