Investing US$119 million (US$16mn of public resources and US$103mn in private funds) over a five year period, in energy efficiency in 1,100 secondary steel units can ensure 25 percent of total steel produced in India is energy efficient. This will translate into estimated savings of US$200 million in energy costs annually; and reduce emissions equal to what is emitted every year by 3 million cars in Delhi. For every US$1 of public investment, an average US$6 of private sector investment can be leveraged.

Modest investments in the Secondary Steel Sector will be the tipping point for energy efficiency in the entire steel sector with an estimated payback in 12 months.

TRIPLE WINS FOR:

INDUSTRY
- Reduce energy costs by US$200 million annually with a 12-month payback
- Skill development of 5,000 employees directly and 100,000 indirectly

ENVIRONMENT
- Reduce greenhouse gas emissions by 3 million tonnes annually, equal to taking 3 million cars off Delhi’s roads

NATION
- Contribute to India’s Intended Nationally Determined Contribution (INDCs) by reducing energy intensity and emissions

As India sets to implement its ambitious targets to increase steel production to 300 million tonnes per year by 2030, there is a strong opportunity and a business case to be made for implementing energy efficiency measures in the secondary steel sector, which accounts for 50% of steel production in the country.
UNDP is committed to work with the Government of India in actualizing the results.

What we offer:

- **Greater energy efficiency** in producing **25%** of total steel in India (36 million tonnes)
- **Reducing** by 20-50% specific energy consumption
- **Reducing** GHG emissions by **3 million tonnes**
- **Securing** blended project finance of US$ 150 million dollars
- **Saving** US$200 million in energy costs per year
- **Ensuring** payback in **12 months**
- **Leveraging** 5 times private investment

Interventions in energy efficiency reduce conversion costs [cost of production includes energy, labour, operation and maintenance as well as overhead costs excluding the raw material cost] by 18 to 45 percent depending on the type of technology packages implemented. Typical conversion costs are about US$56 per tonne of steel. This cost reduction can enable India, in particular, to build small scale steel units that compete in the world market.

**What we ask for**

- **Investment** of US$16 million from the Ministry of Steel over a five-year period

**The proposition for the secondary steel sector is based on demonstrable results and sound experience of over a decade working in the sector.**

Over the last decade, the Ministry of Steel, Government of India, and United Nations Development Programme (UNDP) have partnered to introduce a range of technologies to improve energy efficiency in the secondary steel sector. Through technical assistance, customized solutions and skill development, the partnership has set benchmarks for energy efficiency, strengthened vendor networks and service delivery. As a result of the partnership:

- **Energy saving** has been effected: Almost 15 percent of steel produced by 321 steel units is now produced with less energy, saving 70 million units of electricity, equal to lighting up 1,100 villages.

- **Private sector investment has been leveraged:** The partnership has been notable in achieving significant buy-in from the private sector. In fact, much of the investment in cleaner production processes has been driven by small mill owners themselves. An investment of US$13.58 million in public grants by the Ministry of Steel, GEF, AusAid and UNDP leveraged US$19.93 million in private investment.

- **Effective and innovative knowledge sharing mechanisms have been instituted:** In order to raise awareness about energy efficient technologies, multiple and innovative approaches have been developed and adopted by steel units, including cluster meetings for peer-to-peer learning and e-networks, allowing owners to share ideas and challenges within their community, and enabling regular interactions with industry associations.