

German Financial Cooperation with India

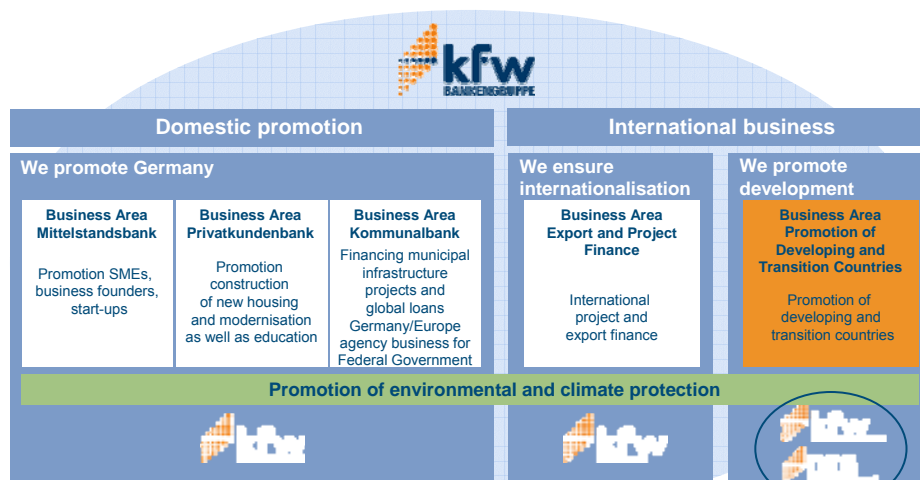
Fourth Coordination Committee Meeting of SAMEEKSHA

May 6, 2011

Die Zukunftsförderer




KfW Development Bank at a glance A bank with a wide array of functions



KfW Development Bank at a glance

Some key figures

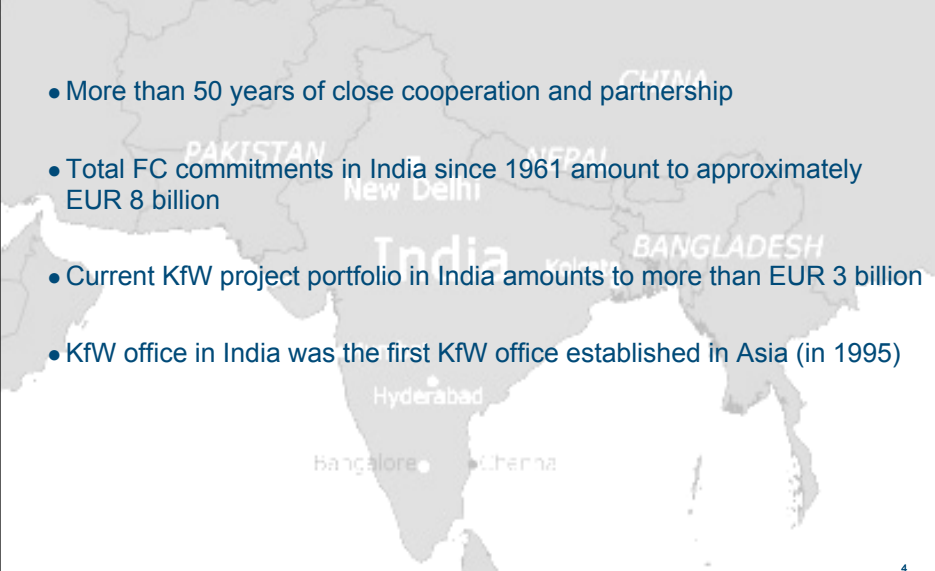


	Staff count	507 (of which 63 in KfW offices worldwide)
	Ongoing projects	1,911 in over 110 countries
	Commitments 2009	EUR 4.5 billion
	➤ of which KfW's own funds	EUR 1.9 billion
	Disbursements 2009	EUR 2.7 billion (of which EUR 1.3 billion in budget funds)
	Loans outstanding	EUR 18.5 billion
	➤ of which budget funds	EUR 14.5 billion
	➤ of which KfW's own funds	EUR 4.0 billion

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KfW and India

A long-standing cooperation

- More than 50 years of close cooperation and partnership
- Total FC commitments in India since 1961 amount to approximately EUR 8 billion
- Current KfW project portfolio in India amounts to more than EUR 3 billion
- KfW office in India was the first KfW office established in Asia (in 1995)

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- Extensive cooperation with the Small Industries Development Bank of India (SIDBI)
 - Ongoing credit line of EUR 50 million with an accompanying technical assistance component for an implementation consultant
 - Commitment for a follow-on credit line of EUR 70 million
 - KfW Carbon Fund support to ISTSL to develop a pCDM Programme of Activities (PoA) for EE investments in steel rolling clusters

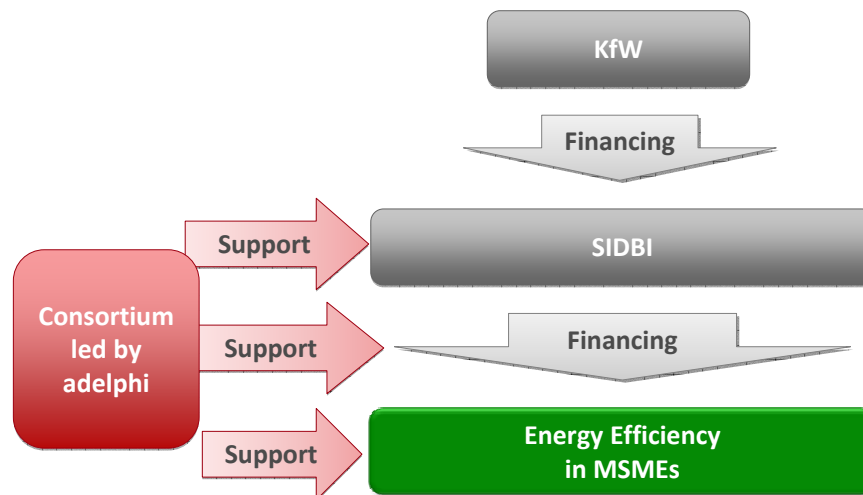


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- Overall objective
 - ***“To reduce the emission of greenhouse gases, especially CO₂, and thus to contribute towards climate change mitigation”***
- Specific Target
 - ➔ Reduction of 400,000 tCO₂ per annum for total credit line or at least 100 t CO₂ per INR 1 million invested
- Focus
 - Measurable energy and cost savings, contributing to climate protection

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Ongoing EE Line of Credit with SIDBI Institutional Arrangements



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Ongoing EE Line of Credit with SIDBI

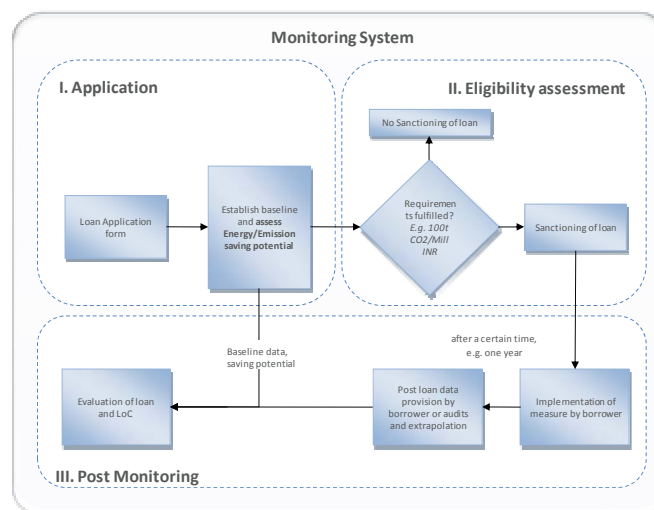


- Eligible Investments
 - Sector specific Machinery and Equipment
 - Cross cutting technologies
 - Fuel switch investment
 - Process modification
 - Energy efficient buildings (industrial and service sector)
 - Greenfield investments and investments aimed exclusively at expansion are excluded
- Indicative list of energy intensive industrial sectors
- Depending on the credit rating, eligible borrowers offered an interest rate reduction of upto a maximum 100 bps below SIDBI'sPLR.

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Central challenge

Measuring and monitoring the energy savings of the financed investments to ensure the targeted significant energy efficiency impact while at the same time designing a relatively simple, standardised system to be operated by loan officers



Ongoing EE Line of Credit with SIDBI Monitoring System Components



1. Application

- ✓ Borrowers provide production and energy consumption data sufficient to develop a profile of baseline energy consumption and intensity; borrowers also asked to specify projected product output and average monthly energy usage post implementation

2. Assessment

- ✓ SIDBI loan officers use an assessment tool to estimate GHG reductions expected from project implementation; tool will have industry specific modules listing the standardised measures which will enable the Loan officer to gauge whether the application conforms to the industry pattern

3. Post Monitoring

- ✓ Data on production and total electricity and fuel use is collected from the borrower and savings are assessed for statistical significance using a monitoring tool

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Multifaceted engagement with MSMEs through SIDBI



- Seven credit lines aggregating more than EURO 260 million, targeted at specific sectors
 - Cleaner Production
 - Energy Efficiency
 - Microfinance
- Future projects under preparation
 - Innovation Financing
 - Energy Efficiency II, including possibly pCDM activities

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