

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Bilateral and multilateral development partners have extensive operations in India. The United Kingdom Department for International Development focuses on supporting an enabling environment for growth and an effective provision of services to the poor. German development cooperation, through KfW, works mainly on the infrastructure and social sectors in India. The Japan International Cooperation Agency (JICA) has operations on development of power and transport infrastructure, rural development, and improvement of the environment and public health systems in urban areas. The United States Agency for International Development primarily works in health care, environmental protection, and demand side management of energy efficiency. The World Bank provides support on infrastructure (roads, transport, power, water supply and sanitation, irrigation, urban development) and human development (education, health, social protection, and rural livelihoods). The European Union operates in rural development, as well as primary education and health.

2. India's power sector has historically received external assistance from the Agence Française de Développement (AFD), Asian Development Bank (ADB), Canadian International Development Agency, United Kingdom Department for International Development, European Investment Bank, European Union, KfW, JICA, the United States Agency for International Development, and the World Bank. India's renewable energy subsector has received development assistance for power generating facilities, transmission infrastructure to evacuate renewable power, grid management, and capacity-building activities. Several development partners have supported growth of India's renewable energy sector. Recent investments made to support renewable energy expansion in India are summarized in Table 1 (the list is indicative of assistance in main sectors).

Table 1: Major Development Partners

Development Partner	Project Name	Approval	Amount
Power Generation (Hydropower): ADB/KfW	Himachal Pradesh Clean Energy Development Investment Program, Project 4	2013	ADB: \$315 million loan, KfW: €150 million loan
Power Transmission: ADB	Himachal Pradesh Clean Energy Transmission Investment Program, Project 2	2013	\$110 million
Power Generation (Hydropower): World Bank	Vishnugad Pipalkoti Hydro Electric Project	2011	\$648 million
Power Distribution: ADB	Madhya Pradesh Energy Efficiency Enhancement Programme	2011	\$400 million
Power Transmission: ADB	Himachal Pradesh Clean Energy Transmission Project, Project 1	2011	\$200 million
Power Transmission: ADB	Gujarat Solar Power Transmission Project	2011	\$100 million

ADB = Asian Development Bank, JICA = Japan International Cooperation Agency, KfW = German development cooperation through KfW.

Source: Government of India, Ministry of Finance Annual reports: <http://finmin.nic.in/reports/annualreport.asp>

3. In addition, the Indian Renewable Energy Development Agency (IREDA) has an ongoing balance from ADB, AFD, the International Bank for Reconstruction and Development, International Development Association, JICA, KfW, and the Nordic Investment Bank. For fiscal year 2013 (ending 31 March), IREDA obtained 68.4% of its total liabilities in long-term borrowing, of which 70.1% were from development assistance; thus development assistance funding contributes to 47.9% of total liabilities. IREDA's funding sources are in Table 2. In 2014,

IREDA borrowed an additional €200 million from the European Investment Bank on 24 February 2014 and €100 million from AFD on 30 May 2014.

Table 2: Indian Renewable Energy Development Agency's Funding Sources and Total Liabilities

Lender	Approval	Tenor (years)	Maturing	Currency	Principal in Respective Currencies	\$ Balance as of March 2013
Asian Development Bank	1997	25	2022	\$	100,000,000	20,292,065
Nordic Investment Bank	2009	10	2019	\$	50,000,000	30,277,460
KfW1	1999	40	2039	€	61,350,000	32,293,357
KfW2	2008	12	2020	€	50,000,000	42,422,297
KfW3	2009	40	2049	€	19,970,000	20,908,380
KfW4	2011	11	2022	€	200,000,000	25,584,421
International Bank for Reconstruction and Development	2000	20	2020	\$	54,000,000	22,192,903
Agence Française de Développement	2010	20	2030	€	93,000,000	81,430,780
Japan International Cooperation Agency	2011	30	2041	¥	252,000,000	270,459,757
International Development Association	2000	35	2035	\$	50,000,000	38,427,654

Source: Indian Renewable Energy Development Agency.

B. Institutional Arrangements and Processes for Development Coordination

4. At the central level, development coordination is managed through a coordination and decision support system by the Ministry of Finance's Department of Economic Affairs. The Ministry of New and Renewable Energy coordinates renewable energy sector development activities at the central and state levels. Where coverage overlaps, the Ministry of Power also participates in coordination of development activities.

C. Collaborative Cofinancing Arrangement

5. ADB is in the process of discussing a collaborative cofinancing arrangement with other bilateral lenders (e.g., AFD, JICA, and/or KfW) to strengthen coordination on lending and capacity development to enhance the overall development effectiveness of IREDA and renewable energy development in India.

D. Achievements and Issues (Capacity Development)

6. IREDA is implementing a comprehensive institutional capacity development program with the support of ADB, AFD, JICA, and KfW. KfW has ongoing technical assistance (TA) activities totaling about \$2 million that cover risk management, treasury operations, credit risk rating system, and international financial reporting standards. AFD has ongoing TA totaling €300,000 to support the development of new renewable energy technologies. JICA is preparing TA to cover new renewable energy technologies, financial mechanisms for commercialization, and a computerized database for project monitoring and performance evaluation.

7. From July 2014, ADB provided consultant resources to help IREDA establish and operationalize an environment and social safeguard unit (ESSU). ADB also plans to process a TA in 2014 or 2015 to provide continuity on environment and social safeguard compliance while strengthening other IREDA operations. During the implementation of tranche 1, ADB will help IREDA sustain the ESSU and strengthen its financial management practice.¹ Subsequently,

¹ Current ADB support for the environmental and social management system is provided under the facility project preparatory TA: Preparing the Clean Energy Finance Investment Program (PPTA 8365-IND).

ADB will build its future assistance upon the outcomes of the ongoing KfW, AFD and JICA support. Detailed implementation arrangements are provided in the Capacity Development Arrangement (Supplementary Appendix 17).

8. All capacity development work will be coordinated, structured, and harmonized so as to incorporate the various tasks (which have been designed by different development partners over varying time frames) during the ADB facility implementation period. This will provide substantial benefits to both IREDA and relevant development partners by strengthening IREDA's capacity to manage development assistance projects (i.e., enable one environmental and social management system to meet both government and development partner requirements).

E. Summary and Recommendations

9. Although a number of development partners are working in the renewable energy subsector, access to affordable finance continues to constrain renewable energy project development. The demand for development partner financing thus exceeds supply. ADB will continue to assist the Indian government to achieve its targets of renewable energy contributions to the power generation mix and reduced energy intensity of the economy. ADB will continue to coordinate with development partners to maximize results and ensure effective use of resources.