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## Press Release

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## Germany, India pledge funds for clean energy

### KfW and REC sign loan agreement worth Rs 700 crore

To promote development of renewable energy in India, the German Government owned development bank KfW signed a Loan Agreement worth EUR 100 million (approximately INR 700 Crores) and a Financing Agreement for a project development and capacity building grant of EUR 500,000 (approximately INR 3.5 Crores) with the Rural Electrification Corporation Ltd. (REC), on Friday, March 30.

The Agreements were signed in New Delhi by Mr. Rajeev Sharma, Chairman and Managing Director of REC and Mr. Oskar von Maltzan, Country Director (India) of KfW, in the presence of Mr. Prabodh Saxena, Joint Secretary, Department of Economic Affairs of India's Ministry of Finance, Mr. Sanjeev Kumar, Director (RE), Ministry of Power and Mr. Bernd Dunnzlaff, Head of Economic Cooperation & Development, Embassy of the Federal Republic of Germany.



Mr. Oskar von Maltzan, Country Director (India) of KfW, and Mr. Prabodh Saxena, Joint Secretary, Department of Economic Affairs of India's Ministry of Finance / © KfW



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REC is the nodal agency for the implementation of the Rajiv Gandhi Grameen Vidyutikaran Yojana, India's national initiative for rural electrification, and, as a result, is very well placed in terms of infrastructure and cross regional outreach to take forward the mission of access to clean energy.

The reduced interest loan provided by KfW on behalf of the German Government will refinance sub-loans made by REC for renewable energy and energy efficiency projects in rural areas. The grant component is intended to provide capacity building support to REC in order to enable the development of bankable projects and innovative business models for energy access at the tail ends of the electricity grid.

In order to tackle the twin problem of widening power deficits and mounting carbon emissions, the Indian Government has set ambitious goals to deliver access to the poor and to increasingly replace coal with renewable sources. The Agreements form part of the Financial Cooperation between India and Germany. They also symbolise the long-standing commitment India and Germany show towards each other. The ceremony took place under the aegis of the year of Germany in India, titled "Germany and India 2011-2012: Infinite Opportunities" ([www.germany-and-india.com](http://www.germany-and-india.com)).

German Financial Cooperation is channelled through KfW, which acts as the implementing agency on behalf of the German Government. KfW German Development Bank is one of the largest banks in Germany and largest financier of renewable energy projects under development cooperation worldwide.

Germany and KfW have been longstanding partners of India. Since the 1950s, more than EUR 9 billion have been sanctioned by KfW, primarily in the fields of energy, financial sector development, health, and the protection of the environment and natural resources. Currently, about 15 energy sector projects with KfW loan commitments of more than EUR 1.5 billion are in various stages of execution in India. The main objective of the German Government is to work with the Indian Government in facilitating inclusive growth, reducing poverty and meeting the Millennium Development Goals.

*For further information, log on to [www.kfw-entwicklungsbank.de](http://www.kfw-entwicklungsbank.de)*

*To know more about "Germany and India 2011-2012: Infinite Opportunities" please visit:  
[www.germany-and-india.com](http://www.germany-and-india.com)*