

October 1, 2013

Comments from Germany on Approval by mail: India: Development Policy Loan (DPL) to Promote Inclusive Green Growth and Sustainable Development in Himachal Pradesh (HP)

Dear Patricia and India CTF team,

Thank you very much for the DPL proposal. Pls find our comments attached.

Kind regards

Dr. Annette Windmeisser

Division for Climate Policy and Climate Financing

Revised proposal for a Development Policy Loan (DPL) to Promote Inclusive Green Growth and Sustainable Development in Himachal Pradesh / India (IBRD)

Germany welcomes the efforts made in answering our specific questions and adding more flesh to the original project proposal.

We are also convinced that an improved policy environment is conducive for further investments in HP development in the region of Himachal Pradesh.

In order to approve this proposal, we would appreciate to get more clarification on a number of issues. Please see below our questions/comments:

1. Use of funds

We appreciate the additional information provided on a list of program items under paragraph 15 and 27 of the proposal. In addition, we would still like to see a more detailed allocation of the total amount of USD 100 Mio to the various initiatives proposed under the program.

2. IBRD DPL I vs. CTF DPL II

Please do also provide an overview/comparison on activities planned or implemented under DPL I and DPL II and explain how DPL II will complement DPL I.

3. Performance Indicators

We still consider it problematic to directly associate the projected GHG emissions of the overall HP development with the amount of CTF funding and to use those emissions savings as the sole indicator to measure the success of the program.

We would therefore strongly suggest having a list of specific project activities (as already requested by France) and have performance indicators assigned to those activities.

To present information on points 1-3 above, it would be helpful to have an overview table summarizing the areas of proposed activities, funds allocated to the respective items as well as suggested performance indicators.

4. Benefit sharing mechanism

To our understanding the benefit sharing mechanism will be funded through the contributions of the developers. Pls clarify the role of CTF Funding, if any in this project component.

5. Calculation of Transformational Ratio und Leverage

We still consider the suggested transformational ratio and leverage as quite ambitious. It will be extremely difficult to impossible in the future to prove any direct relationship between the CTF loan and the suggested GHG emissions/transformational ratio and leverage. We would therefore strongly suggest having more specific performance indicators, which can be directly attributed to the DPL for Himachal Pradesh.