



Green Climate & Sustainable Development Initiatives

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SIDBI – An Overview

Mission Statement –

“To facilitate and strengthen credit flow to MSMEs and address both financial and developmental gaps in the MSME eco-system.”

- **Constitution & Shareholding pattern:**
 - Set up under an Act of Parliament (1990).
 - Total number of Shareholders - 34 (Banks, FIs and Insurance Companies in Public Sector and Govt. of India).

- **Mandate**
 - Promotion, financing and development of MSME sector.
 - Co-ordinate the functions of various institutions serving the sector.

Operational Network

- Head Office at Lucknow.
- 15 Regional offices / 80 branch offices.
- Asset Size – INR 1,00,000 crores (USD 15873 Mn)





● 36 Million MSMEs in India

Source: MSME at a Glance 2016 Report



● Employment to over 80 million



● 8% of GDP of the country



● More than 8000 products

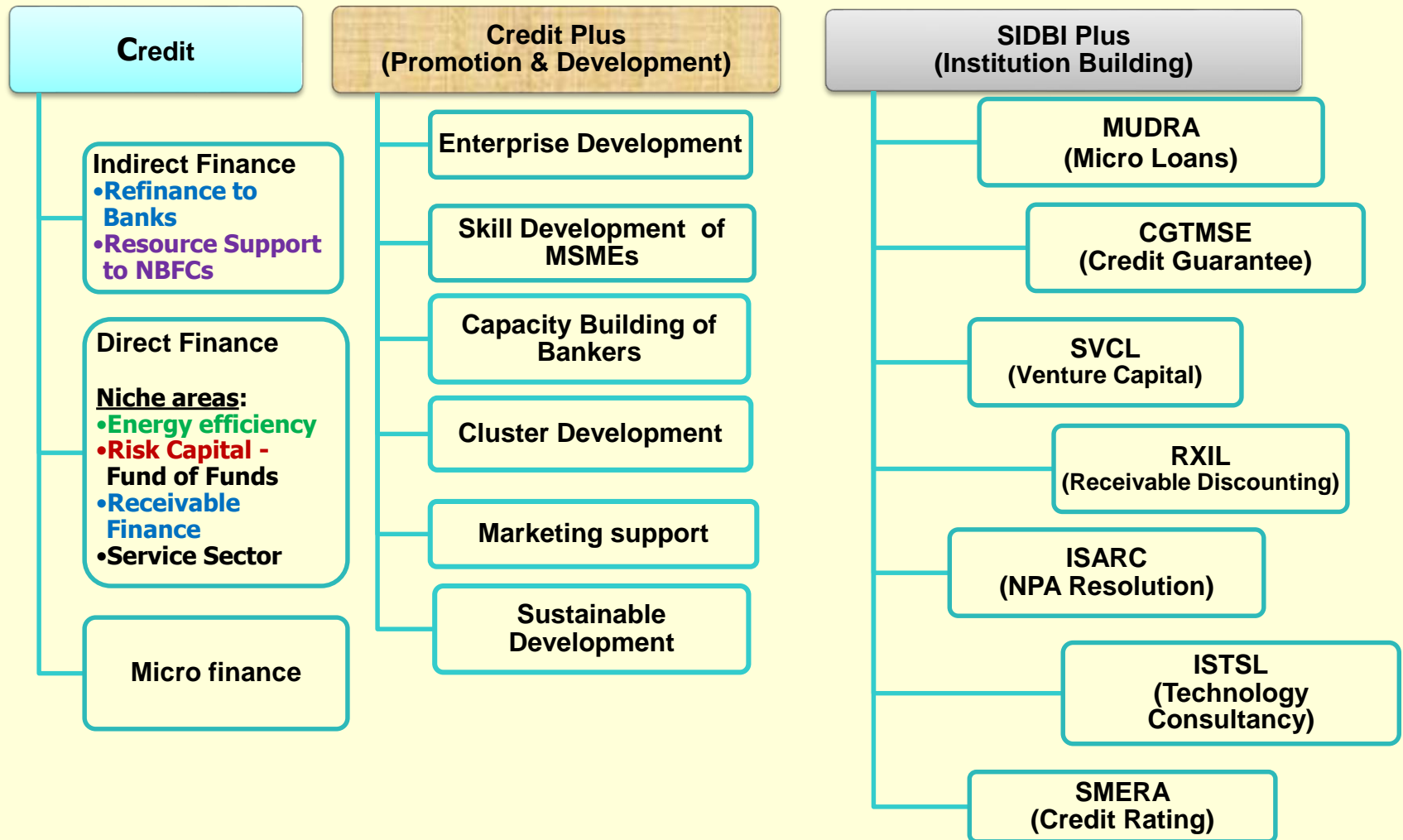


● 45% of total Manufacturing Output



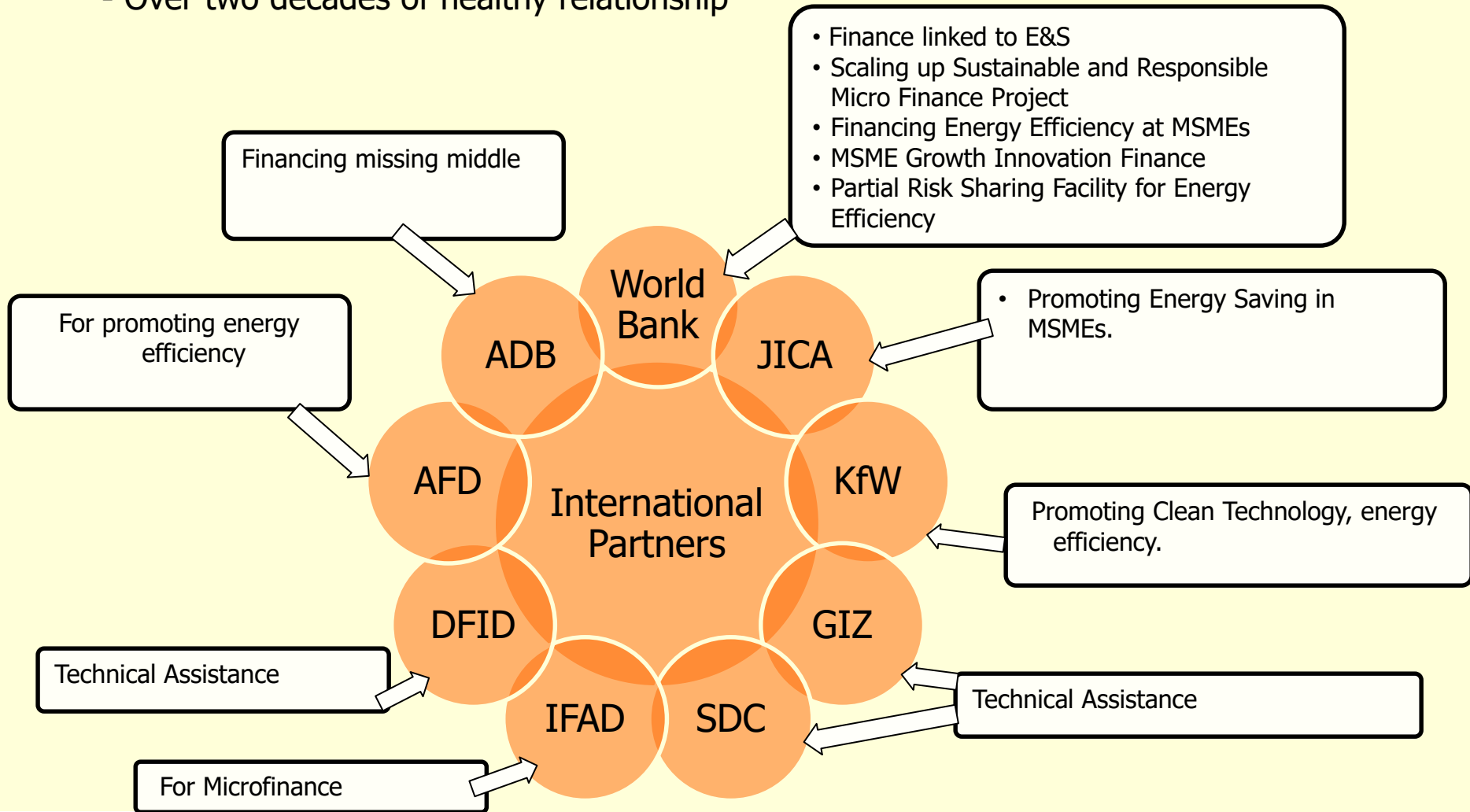
● 40% of Country's Exports

Creating an Enabling Eco-system for MSMEs

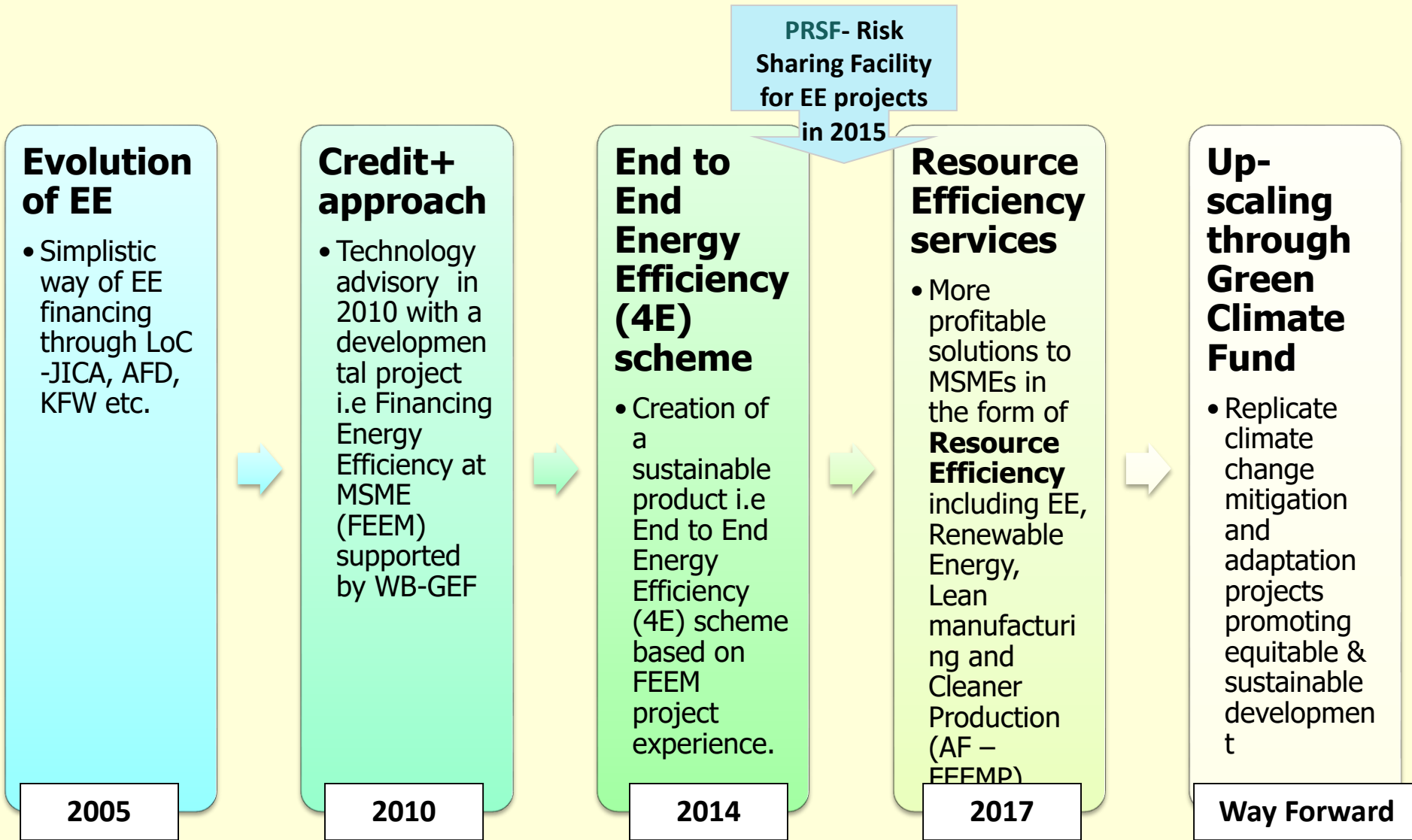


International Partners- Line of Credits (LOCs)

- Over two decades of healthy relationship



EE Journey so far – Work in progress



SIDBI's Two-Pronged Approach

SIDBI has adopted two pronged approach to overcome these gaps and provide EE solutions to MSMEs;

1

Financial Assistance through Focused Lines of Credit

- A simplistic approach- Concessional Finance for Sustainable Development Projects in MSMEs (LoCs from JICA, Japan (INR 4,642 crores; USD 736 Mn) ; KfW, Germany (INR 1,510 crores; USD 239 Mn) ; AfD, France (INR 355 crores; USD 56 mn) and The World Bank (INR 20 crores; USD 3.17 mn)

2

Developmental Initiatives (with financial support)

- Financing Energy Efficiency at MSMEs (FEEM project)
- End to End Energy Efficiency (4E) scheme,
- Partial Risk Sharing Facility (PRSF)

WB-GEF Project – Empowering MSMEs for EE

SIDBI along with Bureau of Energy Efficiency (BEE) is executing a World Bank project of USD 16.49 mn supported by Global Environment Facility (GEF).

Objective

"To increase demand for energy efficiency investments in micro, small and medium enterprise clusters and to build their capacity to access commercial finance."

Implemented successfully in **10 clusters** and now implementation is going on in additional **16** more new clusters (**Resource Efficiency and Cleaner Production are major focus areas**).

Activities Implemented

10 MSME Cluster
1200 Energy Audits
EE measures implemented in 600+ MSMEs

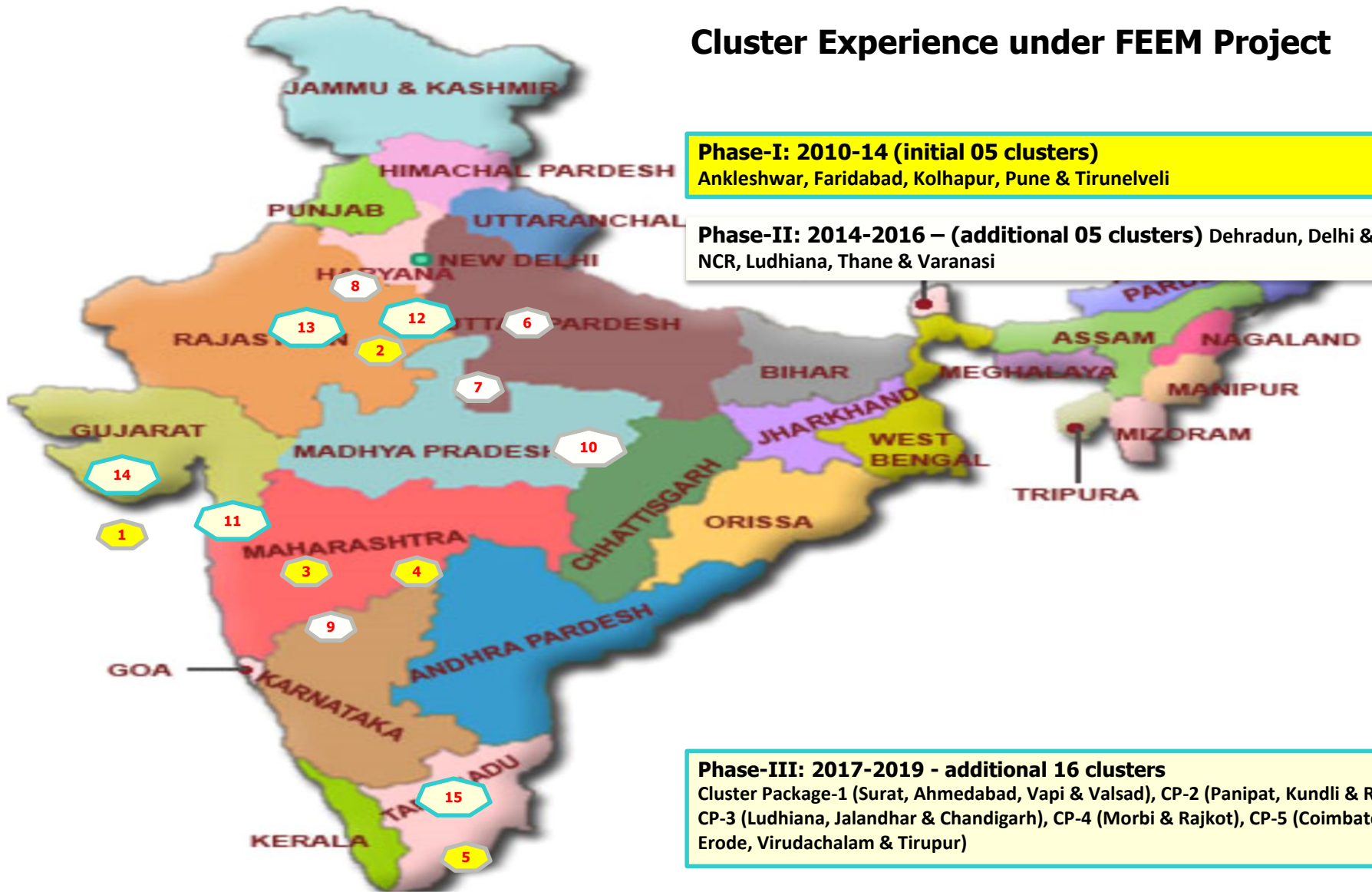
Resulted

10~25% Energy Cost Saving verified
through 3rd Party M&V by CII

Direct Benefits

Rs. 85 Cr EE Investment
Rs. 73 Cr Energy Cost Savings
11,600 TOE Yearly Energy Savings
75,000 tCO₂ reduction annually (accrued)

Cluster Experience under FEEM Project



Phase-I: 2010-14 (initial 05 clusters)
Ankleshwar, Faridabad, Kolhapur, Pune & Tirunelveli

Phase-II: 2014-2016 – (additional 05 clusters) Dehradun, Delhi & NCR, Ludhiana, Thane & Varanasi

Phase-III: 2017-2019 - additional 16 clusters
Cluster Package-1 (Surat, Ahmedabad, Vapi & Valsad), CP-2 (Panipat, Kundli & Rai), CP-3 (Ludhiana, Jalandhar & Chandigarh), CP-4 (Morbi & Rajkot), CP-5 (Coimbatore, Erode, Virudachalam & Tirupur)

Project details & targets

	Phase-1 – 2010-14	Phase-2 – 2014-16	Phase-3 – 2017-19	2010-2019
Clusters	Ankleshwar, Faridabad, Kolhapur, Pune, Tirunelveli	Delhi-NCR, Dehradun, Thane, Varanasi, Ludhiana	Ahmadabad, Surat, Vapi, Valsad, Panipat, Kundli, Rai, Ludhiana, Jalandhar, Chandigarh, Morbi, Rajkot, Coimbatore, Virudachalam, Erode & Tirupur	26 clusters
Sectors	Chemical, Forging, Foundry, Mixed, Limekiln	Mixed	Pharma, Paper, Ceramic, Food Processing, Agro Products, Consumer Appliances, Textile, Chemical, Forging, Foundry, Plastic, Electroplating, Engineering, etc.	> 20 sectors
Implementation of IG DPR	500		230	730 IG DPRs (Target)
Focus Area	Energy Efficiency Only	Resource Efficiency (Energy Efficiency, Lean Manufacturing, & Cleaner Production)	Resource Efficiency (Energy Efficiency, Lean Manufacturing, & Cleaner Production)	Resource Efficiency (Energy Efficiency, Lean Manufacturing, & Cleaner Production)
Fee from MSME	Free of cost	Fee based; first time; Rs. 25,000/- (Ludhiana & Dehradun)	Fee based; Rs. 30,000/- from MSME	25 MSMEs paid in Ludhiana cluster and 5 MSMEs paid in Dehradun cluster earlier and current target - 230 MSMEs
Financing Product	Not Available	Revolving Fund; Loans for EE at concessional terms; US\$ 3 Million	US\$ 2.5 Million	US\$ 5.5 Mn (US\$ 4.78 Mn is already committed)
EE Investment	Rs. 970 Mn		Rs. 690 Mn	Rs. 1660 Mn (Target)

End to End Energy Efficiency (4E) Scheme

To overcome the gaps of funding to MSMEs for identified EE measures and to help MSMEs to adopt Energy Efficient practices.

- SIDBI started extending end to end support to MSMEs under 4E scheme by way of providing ;
 - **Technical Support-** Walk through audits, Preparation of bankable Detailed Project reports etc.
 - **Financial Support-** Concessional loans for implementing identified EE measures (5.5 m USD from the WB-2.5 times leveraging by SIDBI funds/

MSMEs benefitted : 200+
Energy Cost Savings: INR 510 Mi (8.09 m USD)
Loan Sanctioned : INR 1100 Mi (17.61 m USD)
57.00 ktCO₂ reduction annually.

Partial Risk Sharing Facility – Supported by The World Bank, GEF & CTF

To overcome the gaps like;

- (1) Generally assets involved in EE financing are not available as security or may not have any resale value.
- (2) Complex contractual structure – ESPC, Escrow / TRA, M&V Plan, etc
- (3) ESCO market was as nascent stage.

PRSF project started :

- ❑ With an objective to kick-start the market for energy efficiency projects implemented by Energy Service Companies (ESCOs) through performance contracting route with an Guarantee fund (risk sharing facility) corpus of USD 37 million.

Under the Project

- ❑ Guarantee cover up to 75% of the loan (maximum up to 15 crores per project and Rs 45 crore per ESCO.)
- ❑ Developed standardized agreements i.e ESPC, Escrow / TRA, M&V Plan, etc.
- ❑ Developed matchmaking platform for ESCO's and PFIs.(with a pool of ESCOs and PFIs)
- ❑ Developing E-learning modules for Bankers, MSMEs etc and providing technical support to PFIs.

Other ongoing activities

To support an MSME ecosystem some of the ongoing activities are

Development of EE tool (Launched)- Help to identify suitable energy conservation measures (ECM) and provide guidance on monetary implications such as savings, investment required and payback period. Support MSMEs in preliminary assessment and understanding their equipments/ utilities performance.

Development of Mobile App- The purpose of the App. is to have standardize, digitalize, real-time monitoring and automatic report generation. It would conduct real time audit to reduced study time and enhance consistency with standardisation of DPRs.

Development of Vendor Database- To create an interactive platform for vendor's / suppliers / manufacturers / system integrators etc. to collate information regarding various technologies which supports the entire eco-system for sustainable development.

Development of E-Learning Modules- E-learning modules on EE for MSMEs and PFIs.

SIDBI's EE Initiatives – Overall Impacts

The cumulative impacts of the SIDBI's EE program

Awareness Generation for EE as a Business Case:

Awareness created for 2500 MSME units on Energy & Resource efficiency benefited around 4000 participants from the MSMEs.

Business:

- Assistance of around INR 6500 crores (USD 1031 mn) to more than 8000 MSME units/accounts.
- Sanctioned more than INR 598 crores (USD 95 mn) in RE Projects (both Wind & Solar power projects)
- Financed Green/Energy Efficient buildings aggregating to more than INR 97.50 crores (USD 15.6) mn.

Environment:

- More than 1100 Million units of electricity saved.*
- Thermal energy savings of 65,000 million kCal*
- Resulted in reduction of 950 kilo tons (kT) of CO₂ annually.*

Visibility:

- Several accolades & awards, nationally and internationally
- Featured in India's INDC documents submitted to UNFCCC as a unique project triggering change.

*(Source: JICA, AFD, KFW, The World Bank project Monitoring and Evaluation reports by Winrock International, Inspire and PwC)

Green Climate Fund - Present Status & Way Forward

- SIDBI has been accredited with GCF in its 17th board meeting held on 6 July, 2017. As of now, NABARD is the only other accredited entity of GCF from India.
- Designated to handle projects in 'Large' category (Project size of USD up to 250 million or even more to GCF for funding).
- Ongoing- Preparation of 'Concept Notes' and submitting to GCF. Project concepts being developed with SEWA, TERI, Solar PRF and CTRAN etc are being at initial discussion stages.
 - **SEWA** - Upscaling of their pilot project i.e SEWA Hariyali's for Installing 15,000 solar pumps for (a) Irrigation (b) Salt production in Rann of Kutch, livelihood through climate resilient agriculture, sustainable enterprises etc.
 - **TERI** - Proposal on Enhancing Energy Efficiency in MSMEs in India in 12 clusters for Conducting Energy Audits in 5000 MSME units and performance linked payments to MSMEs for implementation.
 - **SOLAR PRF**- Proposal on Portfolio Risk Sharing Facility for financing Solar Roof top Power projects in MSMEs to facilitate collateral free lending.
 - **CTRAN-Caspian** - CASPIAN-CTRAN Resilient India Prosperity Fund for agriculture and Solar energy

Thank You