

German Financing for Sustainable Urban Infrastructure Projects

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KfW

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Bank aus Verantwortung

KFW

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KfW: financing with a public mission



› Promotional bank of the Federal Republic of Germany

› Founded in 1948 as Kreditanstalt für Wiederaufbau

› Shareholders: 80% Federal Republic, 20% federal states

› Headquarters: Frankfurt am Main
Branches: Berlin, Bonn and Cologne

› Offices and representations in 80 countries

› Balance sheet total 2014: EUR 489.1 billion

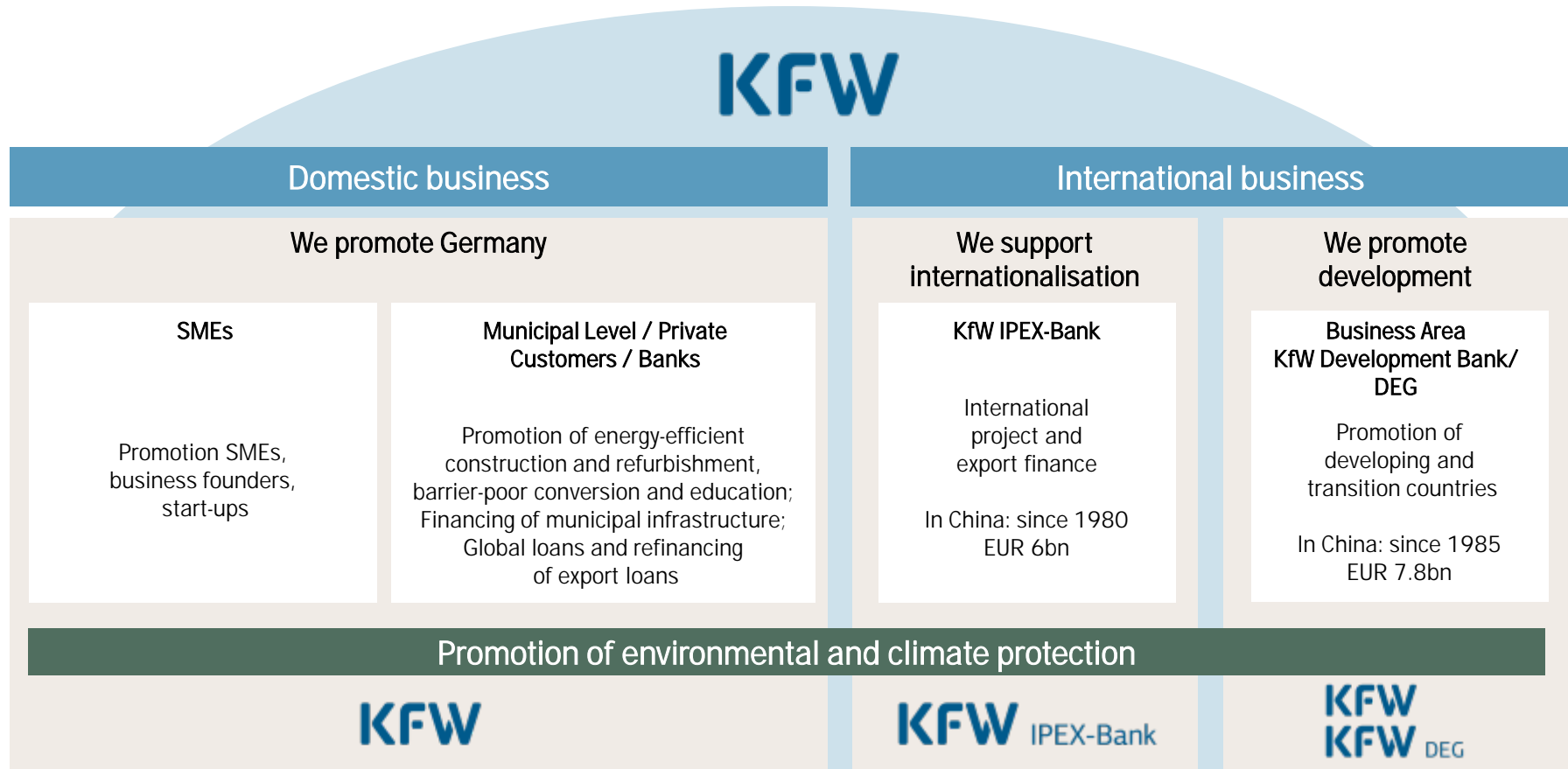
› Financing volume 2014: EUR 74.1 billion

› 5,518 employees (2014)

› Rating: AAA/Aaa/AAA

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KfW: a bank with a wide array of functions



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Principles of Sino-German Financial Cooperation (FC)

- › In China, the responsibility for Sino-German Financial Cooperation lies with the Ministry of Finance, Department of International Economic and Financial Cooperation
- › KfW is commissioned by the German Ministry of Economic Cooperation and Development (BMZ) in providing funds under Financial Cooperation
- › Loan agreements are signed between the Chinese Ministry of Finance and KfW
- › Funds are channelled via Chinese on-lending banks to the Project Implementing Agencies
- › Main financing instrument: Promotional Loans

»» German Financing for Sustainable Urban Infrastructure Sino-German FC - to the benefit of both countries 两国互利共赢

Prime Minister Li Keqiang and Federal Chancellor
Dr. Angela Merkel at the Sino-German Government
Consultations in Berlin on 10 October 2014:

“The successful cooperation with KfW Development
Bank in the area of Promotional Loans shall be
continued to the benefit of both countries”

中国总理李克强和德国总理默克尔博士2014年10
月10日在柏林声明：

„和KfW开发银行在促进贷款领域的成功合作将继续
下去，特别是让双方受益的气候保护领域。”



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Principles of Promotional Loan Programme

- › Sino-German Promotional Loan Programme is based on a Memorandum of Understanding agreed upon between the Chinese Ministry of Finance and KfW
- › Annual amount available up to EUR 450 m
- › Minimum loan amount for individual projects of EUR 35 m
- › Projects must be sustainable (i.e. technically and economically)
- › Projects that can serve as model projects preferred
- › National project approval procedures apply (NDRC, MoF, etc.)
- › Financing of local cost accepted
- › Counterpart funding has to be secured

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Priority Areas of Cooperation

1. Urban Environmental Infrastructure

e.g. wastewater treatment, solid waste disposal, water supply, air pollution control



2. Climate Friendly Transport Solutions

Long-distance railways and energy-efficient urban transport such as subways, regional railways, BRT systems



3. Climate and Environmental Protection

e.g. energy efficiency, renewable energy, waste incineration, sustainable forest management, water resource management



4. Hospitals / Higher Vocational Training Institutions

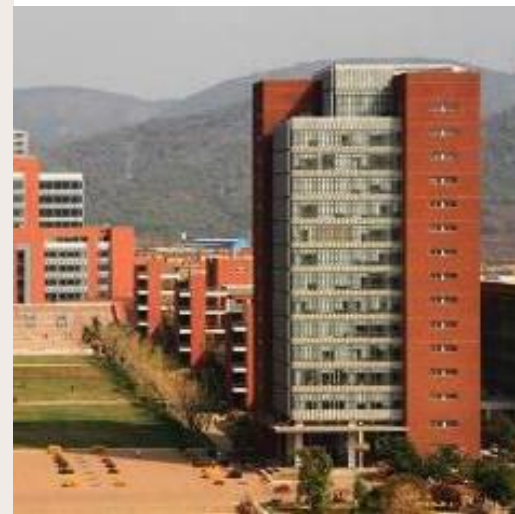
Equipment (medical/training), other technical equipment, co-financing of buildings



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Principles for Projects

- › International competitive bidding applies
- › Sector-specific equipment financing at least 50% of loan amount
- › Transparent and fair tender procedures to be applied
- › KfW provides “no objection” to:
 - › Tender Documents
 - › Bid Evaluation Reports
 - › Draft Supply Contracts
- › KfW receives a copy of the signed supply contracts



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Promotional Loans: Terms and Conditions

Maturity :	15 years
Grace Period:	up to 5 years
Interest Rate	Fixed or floating interest rate: KfW effective funding cost plus margin of KfW (0.45% for loans of EUR 35 m and above)
Commitment Fee	0.25% p.a. on undisbursed loan amounts
Management Fee	0.35% for loans up to and including EUR 100 m 0.25% for loans of more than EUR 100 m

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Project Example: KETDZ Environment Comprehensive Treatment Project



Project Characteristics

Project Partner: Kunming Economic and Technical Development Zone (KETDZ)

Total cost approx. EUR 70 million

Status: Project is to be completed by September 2015

Phase 1: Governmental loan: 10 EUR million

›Wastewater treatment plant (underground)

Phase 2: Promotional loan: 50 EUR million

›Sewage network in the catchment area of the WWTP

›Reuse network for treated wastewater

›River engineering measures

›Procurement of sewage network maintenance equipment

›Wastewater treatment plant (underground; with remaining funds)

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Project Example: Rail Transit Line I, Chongqing

Project Characteristics

- › Construction of 36 km Metro line connecting Chongqing Centre and Chaotianmen.
- › Considerable reduction of travel time for users
- › Contribution to emission reduction
- › Overall costs for line 1: 13.7 bn RMB
- › KfW Promotional Loan of 200 million EUR for equipment supply (power supply, construction vehicles, communication, monitoring and control, safety and access control equipment)
- › Status: Project is completed and Metro line operational



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Thanks for your attention!

KfW Frankfurt

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The logo for KfW, consisting of the letters 'KFW' in a bold, blue, sans-serif font.