



India: Accelerating Infrastructure Investment Facility in India - Tranche 1

Project Name	Accelerating Infrastructure Investment Facility in India - Tranche 1				
Project Number	47083-002				
Country	India				
Project Status	Closed				
Project Type / Modality of Assistance	Loan				
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">Loan 3048-IND: Accelerating Infrastructure Investment Facility in India - Tranche 1</td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 400.00 million</td> </tr> </table>	Loan 3048-IND: Accelerating Infrastructure Investment Facility in India - Tranche 1		Ordinary capital resources	US\$ 400.00 million
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Ordinary capital resources	US\$ 400.00 million				
Strategic Agendas	Inclusive economic growth				
Drivers of Change	Private sector development				
Sector / Subsector	Finance - Infrastructure finance and investment funds				
Gender Equity and Mainstreaming	No gender elements				
Description	<p>Project 1 (Tranche 1) involves a financial intermediary loan of \$400 million from the ordinary capital resources of the Asian Development Bank to India Infrastructure Finance Company Limited, to be guaranteed by India, to support renewed government efforts to accelerate infrastructure growth through increased private sector investment given competing pressures on fiscal resources. The loan supports for financing of public-private partnership (PPP) infrastructure projects through (i) direct lending; (ii) take-out financing; and (iii) subordinate debt, all in line with IIFCL's operational mandates.</p>				
Project Rationale and Linkage to Country/Regional Strategy	<p>Infrastructure deficit of India is arguably the critical development challenge facing the country. The weak state of infrastructure represents a drag on higher, sustainable gross domestic product (GDP) growth reflecting supply side constraints and stymies economic development, and with it, poverty alleviation efforts. In order to meet the growing aspirations of its citizens including better service delivery, India will have to identify new means to expand infrastructure financing given limits on fiscal space, external commercial borrowing, and bank balance sheets. The solution to overcoming these limits lies in part on increasingly leveraging private capital. To achieve the targeted real GDP growth rate of 8.4% in the Twelfth Five-Year Plan, the government estimates a required infrastructure investment at around \$1 trillion. Of this amount, approximately 47% is targeted to come from private capital as compared to around 38% under the Eleventh Five-Year Plan, and 22% under the Tenth Five-Year Plan. The government has identified the need for further reforms to enhance private sector participation in infrastructure. These include strengthening PPP support, promoting project finance schemes in infrastructure development, and developing new sources of take-out, and project bond financing including infrastructure debt funds. With these reforms in place, the government plans to accelerate the infrastructure investment to above 9% of GDP during the Twelfth Plan compared with 7% during the Eleventh Plan. In this context, the government has targeted IIFCL, an apex organization established for promoting PPP infrastructure projects, to play a larger role in the infrastructure financing space.</p>				
Impact	Increased availability of infrastructure				

Project Outcome

Description of Outcome	Facilitated private sector investment in infrastructure PPPs
Progress Toward Outcome	17 PPP subprojects financed under the Facility, with total project cost of approx. \$5.4 billion: (i) 12 subprojects through direct financing; (ii) 5 subprojects through take-out finance

Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none"> Enhanced availability of long-term finance for PPP subprojects Improved project management
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Status of Implementation Progress (Outputs, Activities, and Issues)	Fully disbursed as of Jan. 2017. Loan closing under process. 17 PPP subprojects financed under the Facility: (i) 12 subprojects through direct financing; (ii) 5 subprojects through take-out finance With regard to unfulfilled covenants such as implementing an integrated management information system, ADB had provided a waiver in the first tranche with the understanding that it would be included as a compliance requirement in the second tranche. However, while the second tranche stands cancelled, ADB will continue to closely monitor compliance given the importance of the condition in light of IIFCL's expanding portfolio and range of products.
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Geographical Location

Safeguard Categories

Environment	FI
Involuntary Resettlement	FI
Indigenous Peoples	FI

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	This is the first tranche of the facility which is a sequel to two earlier facilities - India Infrastructure Project Financing Facility I and II. This is in response to the vast infrastructure needs of India estimated at around \$1 trillion and a continuing need to develop new models for infrastructure financing suitable to the Indian context and to further strengthen existing modalities. This facility will continue the success of the two earlier facilities while piloting new modalities for infrastructure financing through loan proceeds. This facility will support public-private partnership (PPP) in infrastructure under (i) direct on-lending in the form of senior and subordinate debt to subprojects in line with IIFCL's mandate ("Scheme") and (ii) take-out financing. This will also broaden the scope from the previous facilities which, aside from take-out financing would also include renewable and clean energy projects and initiatives in the lagging states. This aspect will support the government's efforts in meeting growth targets, expand PPP initiatives and foster inclusive growth.
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During Project Implementation	ADB will, at its discretion, conduct reviews of the management, financial, and operational performance of the borrower and subprojects financed under the AIIFI initially after the closing of withdrawals. The review will include procurement procedures utilized by the AIIFI-financed infrastructure projects. The performance of AIIFI will be reviewed periodically at three levels - by IIFCL, (through the PMU on a quarterly basis), semi-annually by IIFCL's Board of Directors, and annually by ADB, and at the tripartite review meetings among GOI, ADB, and IIFCL. The review of performance for each quarter by the PMU will be completed by the 10th day of the month following the quarterly review. IIFCL's Board of Directors will review the performance semi-annually and will forward the semi-annual progress reports to ADB by the 10th day of the month following the semi-annual review. ADB will review the quarterly progress and semi-annual reports during the annual review missions and during the tripartite reviews chaired by the Government. In addition, a midterm review of the investment program will be conducted in FY2013-FY2018. The review will cover contract awards and disbursement, implementation progress including progress against institutional development and capacity building milestones, social and environmental aspects, and the status of the IPPMS. The midterm review will identify problems or weaknesses in the implementation arrangements, suggest nominal changes in scope, outputs, and due diligence, and agree on suggested changes.
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Business Opportunities

Consulting Services	n/a
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Procurement	All procurement to be financed under an ADB loan will be carried out in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). ADB will encourage IIFCL to require its subborrowers to adopt internationally competitive bidding procedures to the extent possible when the amount of the investment is unusually large and economy and efficiency can be gained by following such procedures. For procurement of goods and services to be financed by subloans from the ADB loan, IIFCL will ensure that the price paid is reasonable and that account is taken of factors such as time of delivery, efficiency, and reliability. For build-operate-transfer projects and their variants, if the subproject sponsor or engineering procurement and construction contractor is selected through competitive bidding among international entities in accordance with procedures acceptable to ADB, such engineering procurement and construction contractor may apply its own procedures for procurement provided that such procurement is for goods, services, and works supplied from or produced in ADB member countries.
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Responsible Staff

Responsible ADB Officer	Rao, Vivek
Responsible ADB Department	South Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SARD
Executing Agencies	<i>India Infrastructure Finance Company Limited 10th Floor, Jeewan Prakash Building 25 Kasturba Gandhi Marg New Delhi, India 110001</i>

Timetable

Concept Clearance	-
Fact Finding	-
MRM	09 Aug 2013
Approval	21 Oct 2013
Last Review Mission	-
Last PDS Update	07 Mar 2017

Loan 3048-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
21 Oct 2013	22 Jan 2014	21 Feb 2014	31 Dec 2016	-	25 Jan 2017

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	400.00	Cumulative Contract Awards			
ADB	400.00	21 Oct 2013	0.00	0.00	0%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	21 Oct 2013	400.00	0.00	100%

Project Page	https://www.adb.org/projects/47083-002/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=47083-002
Date Generated	06 July 2017

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