



India: Accelerating Infrastructure Investment Facility in India - Tranche 3

Project Name	Accelerating Infrastructure Investment Facility in India - Tranche 3
Project Number	47083-004
Country	India
Project Status	Approved
Project Type / Modality of Assistance	Loan Technical Assistance
Source of Funding / Amount	Loan: Accelerating Infrastructure Investment Facility in India - Tranche 3 Ordinary capital resources US\$ 300.00 million TA: Expanding Infrastructure Financing Capacity Technical Assistance Special Fund US\$ 500,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Knowledge solutions Private sector development
Sector / Subsector	Finance - Infrastructure finance and investment funds
Gender Equity and Mainstreaming	No gender elements
Description	The facility was designed to have two tranches. ADB approved tranche 1 amounting to \$400 million in October 2013 which supported 17 subprojects. Tranche 2 amounting to \$300 million was approved in October 2015. However, following ADB approval, the government increased tranche 2's guarantee fee to 1.20% instead of the 0.25% of tranche 1. With this higher guarantee fee, tranche 2 became at least 0.25% more expensive than the funding India Infrastructure Finance Company Limited (IIFCL) could have raised from the domestic bond market; consequently, the loan was not signed, and ADB cancelled tranche 2 in 2016. The government, however, agreed to return the guarantee fee to 0.25% and submitted a periodic financing request letter on 6 September 2018. Because tranche 2 has expired, this tranche is designated as tranche 3.
Project Rationale and Linkage to Country/Regional Strategy	The facility supports the Government of India in promoting infrastructure growth through increased private sector investment in public private partnerships (PPPs). When the facility was approved in 2013, India aimed to mobilize about \$500 billion in private funding to meet its \$1 trillion infrastructure financing requirements under its Twelfth Five Year Plan, 2012- 2017. Mobilizing infrastructure financing remains a priority under the (i) Three-Year Action Agenda, 2017 -2018 to 2019- 2020 and (ii) Economic Survey, 2017- 2018 which estimates an infrastructure investment gap of \$526 billion through 2040. The facility is an integral part of the Asian Development Bank strategy for infrastructure finance in India and complements parallel initiatives in PPPs and capital markets , all of which contribute to creating an enabling environment for long-term financing for infrastructure development.
Impact	Investments in infrastructure increased.
Project Outcome	
Description of Outcome	Private sector investment in infrastructure PPPs facilitated.
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	Availability of long-term finance for PPP subprojects enhanced Operational capacity of IIFCL improved.
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	Nation-wide
Safeguard Categories	
Environment	FI

Involuntary Resettlement	FI
Indigenous Peoples	FI

Summary of Environmental and Social Aspects

Environmental Aspects	All subprojects that are category B or C will be allowed.
Involuntary Resettlement	All subprojects that are category B or C will be allowed.
Indigenous Peoples	All subprojects that are category B or C will be allowed.

Stakeholder Communication, Participation, and Consultation

During Project Design	
During Project Implementation	

Business Opportunities

Consulting Services	All consultants under the technical assistance will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).
Procurement	Not applicable.

Responsible ADB Officer	Lambert, Donald J.
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	29 Jun 2018
Approval	23 Oct 2018
Last Review Mission	-
Last PDS Update	25 Oct 2018

Project Page	https://www.adb.org/projects/47083-004/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=47083-004
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