



# Tranche-at-a-Glance Report

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Project Number: 47083-004  
MFF Number: 0077  
October 2018

## India: Accelerating Infrastructure Investment Facility in India (Tranche 3)

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

## TRANCHE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 47083-004	
<b>Project Name</b>	Accelerating Infrastructure Investment Facility in India - Tranche 3	<b>Department/Division</b>	SARD/SAPF
<b>Country</b>	India	<b>Executing Agency</b>	India Infrastructure Finance Company Limited
<b>Borrower</b>	India Infrastructure Finance Company Limited Guarantor: Government of India		
<b>2. Sector</b>		<b>ADB Financing (\$ million)</b>	
✓ Finance	Infrastructure finance and investment funds		300.00
		<b>Total</b>	<b>300.00</b>
<b>3. Strategic Agenda</b>		<b>Climate Change Information</b>	
Inclusive economic growth (IEG) Environmentally sustainable growth (ESG)	<b>Subcomponents</b>	Estimated CO <sub>2</sub> reduction (tons per annum)	372,204
	Pillar 1: Economic opportunities, including jobs, created and expanded Global and regional transboundary environmental concerns	ADB contribution to estimated CO <sub>2</sub> reduction (tons per annum)	46,526
		Climate change impact on the project	Low
		<b>Mitigation Financing</b>	
		Estimated cost of subprojects (\$ million)	480.00
		ADB contribution (\$ million)	60.00
<b>4. Drivers of Change</b>		<b>Gender Equity and Mainstreaming</b>	
Knowledge solutions (KNS) Private sector development (PSD)	<b>Components</b>	No gender elements (NGE)	✓
	Pilot-testing innovation and learning Promotion of private sector investment		
<b>5. Poverty and SDG Targeting</b>		<b>Location Impact</b>	
Geographic Targeting	No	Nation-wide	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG9		
<b>6. Risk Categorization:</b>		Complex	
<b>7. Safeguard Categorization</b> Environment: FI    Involuntary Resettlement: FI    Indigenous Peoples: FI			
<b>8. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>300.00</b>	
Sovereign MFF-Tranche (Regular Loan): Ordinary capital resources		300.00	
<b>Cofinancing</b>		<b>0.00</b>	
None		0.00	
<b>Counterpart</b>		<b>0.00</b>	
None		0.00	
<b>Total</b>		<b>300.00</b>	
Note: An attached technical assistance will be financed on a grant basis by the Technical Assistance Special Fund (TASF-OTHERS) in the amount of \$500,000.			

## TRANCHE AT A GLANCE

Date of Receipt by ADB of PFR: 6 September 2018

Tranche Number: 3

### 9. Country Operations Business Plan

**CPS**

<https://www.adb.org/sites/default/files/institutional-document/363331/cps-ind-2018-2022.pdf>

**COBP**

<https://www.adb.org/sites/default/files/institutional-document/448116/india-cobp-2019-2021-27-aug-18-president-approved.pdf>

### 10. Tranche Summary

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.

**Impact:** Investments in infrastructure increased.

**Outcome:** Private sector investment in infrastructure PPPs facilitated.

**Outputs:** (i) Availability of long-term finance for PPP subprojects enhanced, and (ii) Operational capacity of IIFCL improved.

**Implementation Arrangements:** India Infrastructure Finance Company Limited will be the executing agency.

**Project Readiness:** ADB has checked readiness filters and is confident that the \$300 million tranche can be comfortably disbursed within the implementation period. This assessment is based on: (i) a review of the indicative subprojects including four site visits, (ii) IIFCL's excellent disbursement history, and (iii) the option to use retroactive financing.

### 11. Significant Developments in the MFF and Previous Tranches

The implementation of this facility should be viewed in the context of the successful engagements of ADB with IIFCL. In 2007, ADB approved the India Infrastructure Project Financing Facility, which had two tranches totaling \$500 million and was approved less than 2 years after the establishment of IIFCL. It was the first multitranche financing facility of ADB to a financial institution for funding of infrastructure subprojects. A \$500,000 TA project attached to the facility trained IIFCL staff in safeguard risk assessment, management, and mitigation.

ADB approved a second multitranche financing facility to IIFCL with three tranches amounting to \$700 million in 2009. The facility came at a time when liquidity in international capital markets was limited and interest of investors in long-term debt instruments was low. Like its predecessor, it funded infrastructure subprojects in a range of sectors.

These earlier facilities fully disbursed ahead of their original completion dates. Together, they funded 50 infrastructure subprojects, including major international airports in Delhi and Mumbai. Among these subprojects, two were categorized as nonperforming and one was restructured because of financial distress. Together they catalyzed \$14.7 billion in private sector investment. More specifically, for every \$1 of ADB investment in subprojects, IIFCL mobilized \$11 from the market under the first facility and \$13 under the second. ADB evaluated both facilities successful.

### 12. Milestones

**Estimated Approval**

5 November 2018

**Estimated Completion<sup>a</sup>**

26 September 2023

### 13. Linked Documents

	Required Document	Disclosure Date
MFF	Report and Recommendation of the President	
Weblink:	<a href="http://www.adb.org/projects/documents/accelerating-infrastructure-investment-facility-india-rrp">http://www.adb.org/projects/documents/accelerating-infrastructure-investment-facility-india-rrp</a>	10-OCT-2013
Tranche	Draft Periodic Financing Request Report	
Weblink:	<a href="http://www.adb.org/Documents/LinkedDocs/?id=47083-004-DraftPFRR">http://www.adb.org/Documents/LinkedDocs/?id=47083-004-DraftPFRR</a>	The Final PFR Report is disclosed upon approval

<sup>a</sup> For Tranches, this refers to the financial closing date.