



Bangladesh: Third Public-Private Infrastructure Development Facility

Project Name	Third Public-Private Infrastructure Development Facility										
Project Number	42180-016										
Country	Bangladesh										
Project Status	Approved										
Project Type / Modality of Assistance	Loan Technical Assistance										
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">MFF Facility Concept 0100-BAN: Third Public-Private Infrastructure Development Facility</td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 500.00 million</td> </tr> <tr> <td>concessional ordinary capital resources lending / Asian Development Fund</td> <td>US\$ 26.00 million</td> </tr> <tr> <td colspan="2">TA 9344-BAN: Capacity Development in Infrastructure Development Company Limited</td> </tr> <tr> <td>Financial Sector Development Partnership Special Fund</td> <td>US\$ 750,000.00</td> </tr> </table>	MFF Facility Concept 0100-BAN: Third Public-Private Infrastructure Development Facility		Ordinary capital resources	US\$ 500.00 million	concessional ordinary capital resources lending / Asian Development Fund	US\$ 26.00 million	TA 9344-BAN: Capacity Development in Infrastructure Development Company Limited		Financial Sector Development Partnership Special Fund	US\$ 750,000.00
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth										
Drivers of Change	Partnerships Private sector development										
Sector / Subsector	Finance - Infrastructure finance and investment funds										
Gender Equity and Mainstreaming	Some gender elements										
Description	The proposed Third Public-Private Infrastructure Development Facility (PPIDF 3) is a continuation of the work carried out under the Public-Private Infrastructure Development Facility (PPIDF 1) and the Second Public-Private Infrastructure Development Facility (PPIDF 2) in addressing the infrastructure deficiencies in Bangladesh. Through the two earlier interventions, ADB has provided long-term debt financing and catalyzing private sector participation through the implementing agency, i.e. Infrastructure Development Company Limited (IDCOL) which substantially contributed to economic growth in the country. The design of the project serves to catalyze commercial financing for public-private partnership (PPP) projects, thereby reducing the pressure of direct financing on the public budget. An additional objective of the facility is to help provide the rural population and small to medium enterprises with clean and affordable electricity either through grid-connected or off-grid energy efficiency and renewable energy solutions. Solar home systems (SHSs) will not be financed under PPIDF 3 given the market saturation and availability of funding from partner donors.										
Project Rationale and Linkage to Country/Regional Strategy	A key design element of the proposed Third Public-Private Infrastructure Development Facility (PPIDF 3) is the introduction of the multitranche financing facility (MFF) financial intermediary (FI) lending modality. The MFF-FI modality is particularly well suited for FI interventions which provide long-term funding to public-private partnership (PPP) infrastructure projects. These PPP interventions are typically developed in a phased manner based on project implementation requirements. The MFF modality allows the borrower, Infrastructure Development Company Limited (IDCOL), to onlend financing for subprojects based on readiness criteria including finalization of risk-sharing arrangements, readiness of engineering procurement and construction, and phased release of equity. The disbursement to a subproject can take place through multiple tranches with time-slicing given the typical characteristic of staggering of payments, and thereby providing IDCOL the flexibility to plan cost-effective disbursements of subprojects.										
Impact	Investments in infrastructure increased (Bangladesh Seventh Five Year Plan, FY2016-FY2020)										

Project Outcome

Description of Outcome	Private sector investments in infrastructure, including renewable energy leveraged
Progress Toward Outcome	

Implementation Progress

Description of Project Outputs	Available long-term debt financing for infrastructure projects increased Take-out financing for infrastructure projects catalyzed IDCOLs institutional capacity strengthened
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	

Summary of Environmental and Social Aspects

Environmental Aspects	<p>PPIDF 3 is classified category FI for environment, involuntary resettlement, and indigenous peoples. No subproject that is classified category A in any of these three safeguard areas will be considered for financing under the investment program. All subloan agreements will incorporate specific covenants to ensure compliance with ADB's Safeguard Policy Statement (2009).</p> <p>Infrastructure Development Company Limited (IDCOL) has an environmental and social safeguards framework (ESSF) developed in 2011 with ADB technical support under Public-Private Infrastructure Development Facility (PPIDF). A review in August 2016 to ensure that the ESSF remained consistent with ADB's Safeguard Policy Statement identified areas for strengthening. The associated technical assistance (TA) will therefore help IDCOL enhance ESSF by (i) incorporating changes in the central bank's June 2015 draft guidelines on environmental and social risk management for banks and financial institutions, (ii) streamlining the procedures for assessing and reviewing subprojects, and (iii) making the changes necessary to accommodate the introduction of take-out financing by IDCOL under the Third Public-Private Infrastructure Development Facility (PPIDF 3). IDCOL has an environmental and social policy approved by its board and an environmental and social safeguards management unit with two senior safeguards staff members. Depending on the complexity of subprojects, IDCOL may hire an additional senior staff member to deal with social and gender issues. IDCOL will submit annual reports to ADB on the status of ESSF implementation.</p>
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Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services	Not applicable
Procurement	<p>The proposed Third Public- Private Infrastructure Development Facility (PPIDF 3) consists of a \$526 million multitranches financing facility (MFF) which will be funded by a regular ordinary capital resources (OCR) loan of \$500 million and a concessional OCR loan of \$26 million. The funds under the MFF will be made available to Infrastructure Development Company Limited (IDCOL), a fully government-owned infrastructure finance company through the financial intermediary lending modality. IDCOL will use the ADB loan proceeds to provide subloans to sponsors to fund subprojects in the traditional infrastructure sectors such as energy, transport, urban, health, and education. The concessional ordinary capital resources loan will be exclusively used to finance renewable energy subprojects. There will be no direct funding for procurement of goods and services under this facility which could potentially lead to longer and complex implementation considerations.</p>

Responsible Staff

Responsible ADB Officer	Marro, Peter
Responsible ADB Department	South Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SARD
Executing Agencies	<p>Ministry of Finance Economic Relations Division (ERD), MOF Sher-e-Bangla Nagar, Dhaka_1207 Bangladesh</p>

Timetable

Concept Clearance	01 Jul 2016
Fact Finding	22 Aug 2016 to 24 Aug 2016
MRM	26 Sep 2016

Approval	18 Jul 2017
Last Review Mission	-
Last PDS Update	23 Feb 2017

MFF Facility Concept 0100-BAN

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	526.26	Cumulative Contract Awards			
ADB	526.00	-	0.00	0.00	%
Counterpart	0.26	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

TA 9344-BAN

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
750,000.00	0.00	0.00	0.00	0.00	0.00	750,000.00	-	0.00

Project Page	https://www.adb.org/projects/42180-016/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=42180-016
Date Generated	26 July 2017

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