



Bangladesh: Third Public-Private Infrastructure Development Facility-Tranche 2

Project Name	Third Public-Private Infrastructure Development Facility-Tranche 2						
Project Number	42180-019						
Country	Bangladesh						
Project Status	Approved						
Project Type / Modality of Assistance	Loan						
Source of Funding / Amount	<table border="1"> <tr> <th colspan="2">Loan: Third Public-Private Infrastructure Development Facility (Tranche 2)</th> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 250.00 million</td> </tr> <tr> <td>concessional ordinary capital resources lending / Asian Development Fund</td> <td>US\$ 16.00 million</td> </tr> </table>	Loan: Third Public-Private Infrastructure Development Facility (Tranche 2)		Ordinary capital resources	US\$ 250.00 million	concessional ordinary capital resources lending / Asian Development Fund	US\$ 16.00 million
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration						
Drivers of Change	Partnerships Private sector development						
Sector / Subsector	Finance - Infrastructure finance and investment funds						
Gender Equity and Mainstreaming	Some gender elements						
Description	The 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 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, 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	Increased investments in infrastructure including renewable energy facilities (Draft Final Seventh Five-Year Plan 2016-2020)						

Project Outcome

Description of Outcome	Private sector participation in infrastructure development, including in RE facilities lever aged
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Progress Toward Outcome

Implementation Progress

Description of Project Outputs	Available long-term debt financing for infrastructure projects increased Takeout financing for infrastructure projects catalyzed IDCOL's institutional capacity strengthened
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Status of Implementation Progress (Outputs, Activities, and Issues)

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	Not applicable
During Project Implementation	Not applicable

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

Timetable

Concept Clearance	-
Fact Finding	-
MRM	13 Jun 2019
Approval	24 Jan 2020
Last Review Mission	-
Last PDS Update	15 Sep 2017

Project Page	https://www.adb.org/projects/42180-019/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=42180-019
Date Generated	12 December 2017

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