Early Warning System

# ADB-47083-004

## Accelerating Infrastructure Investment Facility in India - Tranche 3

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### Quick Facts

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|---|---|
| **Countries** | India |
| **Financial Institutions** | Asian Development Bank (ADB) |
| **Status** | Completed |
| **Bank Risk Rating** | B |
| **Voting Date** | 2018-10-23 |
| **Borrower** | India Infrastructure Finance Company Limited |
| **Sectors** | Finance, Infrastructure |
| **Investment Type(s)** | Advisory Services, Grant, Loan |
| **Investment Amount (USD)** | $ 300.50 million |
| **Loan Amount (USD)** | $ 300.00 million |
| **Grant Amount (USD)** | $ 0.50 million |

## Project Description

According to the bank website, "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.

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."

## Early Warning System Project Analysis

The ADB categorized the project risks as 'FI', adding that 'All subprojects that are category B or C will be allowed.'

### Investment Description

- Asian Development Bank (ADB)

### Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- India Infrastructure Finance Company Limited (Financial Intermediary)

**Private Actors Description**

As stated on the company's website, IIFCL is a wholly-owned Government of India company set up in 2006 to provide long-term financial assistance to viable infrastructure projects through the Scheme for Financing Viable Infrastructure Projects through a Special Purpose Vehicle called India Infrastructure Finance Company Ltd (IIFCL), broadly referred to as SIFTI.

The authorized and paid up capital of the company stood at INR 10,000 Crore and INR 9,999.92 Crore, respectively as on 31st March 2024. IIFCL has been registered as a NBFC-ND-IFC with the Reserve Bank of India (RBI) since September 2013 and follows the applicable prudential norms of the RBI.

As a long-term lending institution, IIFCL is amongst the most diversified public sector infrastructure lender in terms of eligible infrastructure sub-sectors and product offerings. It has the mandate to finance both green-field and brown-field projects, covering Direct Lending, Takeout Finance, Refinance and Credit Enhancement, across all infrastructure sub-sectors as notified by the Government in the Harmonised Master List of Infrastructure Subsectors These broadly include transportation, energy, water, sanitation, communication, social and commercial infrastructure.

## Contact Information

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### ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

## Bank Documents

- Accelerating Infrastructure Investment Facility in India - Tranche 3: Periodic Financing Request Rep [Original Source]
- Accelerating Infrastructure Investment Facility in India - Tranche 3: Tranche-at-a-Glance Report [Original Source]
- Project Disclosure PDF [Original Source]

## Other Related Projects

- ADB-47083-002 Accelerating Infrastructure Investment Facility in India - Tranche 1
- ADB-47083-003 Accelerating Infrastructure Investment Facility in India - Tranche 2