

 Early Warning System

ADB-47083-004

Accelerating Infrastructure Investment Facility in India - Tranche 3



Quick Facts

Countries	India
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	FI
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."



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)



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