

Early Warning System

ADB-55336-001

Supporting New Infrastructure Development through Public-Private Partnerships and Implementation Monitoring of National Infrastructure Pipeline

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Quick Facts

Countries	India
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	U
Voting Date	2022-02-02
Borrower	India
Sectors	Education and Health, Energy, Infrastructure, Technical Cooperation, Transport, Water and Sanitation
Investment Type(s)	Grant
Investment Amount (USD)	$ 1.50 million
Grant Amount (USD)	$ 1.50 million

Project Description

According to ADB dcouments, the proposed Technical Assistance (TA) will support government's multi-billion dollar NIP and NMP programs through knowledge based support. Necessary project monitoring support through sector experts will be provided to aid the government's project implementation efforts as part of NIP program. Knowledge based support will also be provided for effective monetization of assets that meet the government's overall development objective under the NMP program. The TA will also focus on building capacity for undertaking rigorous due diligence that is often necessary for developing new infrastructure projects through PPP mode. Expertise will be extended for designing novel PPP alternatives across sectors and states. New PPP models in untapped sectors like health, municipal infrastructure, logistics, education etc. will be encouraged and supported through the TA. The TA is consistent with ADB's Strategy 2030 Operational Priority 1: Addressing remaining poverty and reducing inequality; Operational Priority 4: Making Cities more Livable, and Operational Priority 6: Strengthening Governance and Institutional capacity by providing knowledge and capacity building support for project executing and implementing agencies across states in India.

The TA will be implemented over a period of 3 years, from February 2022 to February2025. The executing agency of the TA will be the Department of Economic Affairs, Ministry of Finance, Government of India. ADB will administer the TA through the India Resident Mission.ADB will select, supervise, and evaluate consultants. All activities, including consultations, trainings, and workshops, will be organized in coordination with ADB’s India Resident Mission.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

Over the next 5 years, 8979 new infrastructure development projects with an aggregated project cost of $1.9 trillion spread across 7 sectors and 35 sub-sectors are being planned by Government of India (GoI) under the National Infrastructure Pipeline (NIP) initiative. Implementing this challenging and ambitious program in a fiscally responsible manner will require robust private sector investments and strong implementation monitoring support for ensuring optimal delivery of infrastructure projects through judicious usage of public funds.

India achieved 22% and 37% private sector investment in infrastructure in the tenth (2002-2007) and eleventh (2007-2012) five-year plans, respectively. However, private sector investments decreased to 30% during the period 2013-19 . It is also noted that existing PPP investments are limited to only few sectors and states. Expert committee constituted by the government for revitalizing PPPs for infrastructure development in India has outlined several measures for increasing investments from private sector for infrastructure development . The committee in its recommendations has noted that the current practice of adopting a one-size fits all' approach by project implementing agencies using pre-defined concession agreements without adequate due diligence undermines appropriate risk allocation among key stakeholders, thereby hindering private sector investments through PPPs. Developing large scale infrastructure projects through PPPs requires a tailor-made approach backed by strong sector expertise and adequate due diligence to ensure success of contracts which could spread over few decades. Lack of requisite expertise leads to poorly structured PPP investments resulting in failure of projects. This in turn affects subsequent investments from the private sector, thereby leading to further decrease in PPP projects. Ensuring success of PPP projects through strong support at project appraisal stage is thus pivotal for ensuring long term private sector engagement in government's infrastructure development programs. Enhancing private sector participation is one of the critical ways for ensuring complete Value for Money' for the public infrastructure investments envisaged by the government.

Building institutional capacity across project executing and implementing agencies for undertaking thorough project due diligence to support structuring of PPP investments that meet the demands of both the public and the private sector in an equitable manner is pivotal for ensuring sustainable private capital inflow in government's infrastructure development programs. Capacity building programs designed to develop PPP practitioners across various agencies at central and sate level

Investment Description

- Asian Development Bank (ADB)

Contact Information

Responsible ADB Officer	Challa, Keerthi Kumar
Responsible ADB Department	South Asia Department
Responsible ADB Division	India Resident Mission
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ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.adb.org/forms/request-information-form

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: https://www.adb.org/site/disclosure/appeals

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

- Project Disclosure PDF [Original Source]
- Technical Assistance Report [Original Source]