Early Warning System

# IFC-43776

## KIIFB Green Loan

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### Quick Facts

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| **Countries** | India |
| **Specific Location** | Several districts in Kerala state |
| **Financial Institutions** | International Finance Corporation (IFC) |
| **Status** | Proposed |
| **Bank Risk Rating** | B |
| **Voting Date** | 2021-07-10 |
| **Borrower** | KERALA INFRASTRUCTURE INVESTMENT FUND BOARD |
| **Sectors** | Climate and Environment, Education and Health, Infrastructure, Water and Sanitation |
| **Investment Type(s)** | Advisory Services, Loan |
| **Investment Amount (USD)** | $ 150.00 million |

## Project Description

According to the bank documents, through this project, IFC will be providing a green loan to the Kerala Infrastructure Investment Fund Board (KIIFB) to finance critical urban infrastructure in the state of Kerala. The funds will be deployed across two components: (i) construction of four new water supply projects, and (ii) construction of four hospital expansions which are to be EDGE (Excellence in Design for Greater Efficiencies) certified.

**Project Implementation**

-The projects are implemented by relevant departments under the Government of Kerala (GoK) or special purpose vehicles created by these departments under GoK for the purpose of the project (referred to as “project implementation agencies” or “PIAs”).For project implementation, KIIFB enters into a tripartite agreement with the relevant GoK department and the PIA.

-The PIA for the water projects is Kerala Water Authority (“KWA”)

-PIAs for the hospital projects are two entities: INKEL Limited (“INKEL”) and HLL Infra Tech Services Limited (“HITES”).

- INKEL is a public private partnership initiative established by GoK for promoting public infrastructure development in the state. INKEL provides project development support from concept development, engineering design, procurement, construction (EPC) through to project management consultancy.
- HITES is a 100% subsidiary of HLL Lifecare Limited, a public sector undertaking under Ministry of Health and Family Welfare, Government of India (GoI). HITES undertakes infrastructure development project including EPC.

-For the water projects, KIIFB has entered into tripartite agreement with Department of Water Resources, GoK and KWA. For the hospital projects, KIIFB has entered into tripartite agreement with Department of Health and Family Welfare, GoK and the PIAs (INKEL and HITES).

-Within the hospital projects, for construction of facilities in medical college hospitals, KIIFB has entered into a tripartite agreement with Department of Medical Education, GoK and the PIAs (INKEL and HITES). The tripartite agreement gets terminated when, after completion of construction of the projects, the facility is handed over to the relevant GoK department for operation and maintenance (O&M) of the facility or completion of the defects liability period, whichever is later.

**Sub-projects**

-The four water projects are:

a) Thiruvananthapuram Neyyar Alternative Water Source (Thiruvananthapuram project) - The project includes: laying of 1.422 m diameter, 26.5 km water transmission pipeline from the proposed new 120 million liters per day (MLD) water treatment plant (WTP) at Neyyar Dam to the existing water reservoir at PTP Nagar (Thiruvananthapuram). The WTP is an associated facility and involves construction of the plant, construction of intake arrangements and raw water pump house with floating intake structure The transmission main will be laid in the right of way (RoW) of existing roads along Kallikadu – Kattakkada – Anthiyoorkonam – Malayinkeezhu – Bhajanamadam – Peyad – Kundamonkadavu – Elipode to the reservoir at PTP Nagar. The new WTP will be constructed on a five-acre land that belongs to the Irrigation Department of the GoK. At the time of the review,  construction of WTP project and, the transmission line project had not started.

b)  Augmentation of Water Supply Scheme to Angamali, Ernakulam district (Angamali project) – The project involves construction of intake well with pumphouse, raw water pumping mains, two water treatment plants of 17 and 8 MLD each, clear water pumping mains and overhead storage reservoirs (OHSR). The project will be implemented in two parts. One part involves augmentation of the water supply system (WSS) in Angamali municipality, Thuravoor and Manjpara panchayat including the 17-MLD WTP with River Periyar at Thoppikadavu as its source. The second part involves augmentation of WSS to Malayattoor-Neeleeswaram and Ayyampuzha panchayaths including the 8-MLD WTP with River Periyar at Illithode as its

## People Affected By This Project

Accoprding to the bank, the key environmental and social issues related to the project and reviewed at appraisal are: capacity of KIIFB, PIAs and contractors to build the facilities in accordance with IFC PSs; emissions to air, water and land during construction; adequacy of proposed facilities to manage emissions to air, land and water including hazardous wastes during operation stage; labor working and living conditions; community health, safety and security; life and fire safety provision in design of hospital projects; management of water resources, wastewater, solid wastes and hazardous wastes and materials; emergency preparedness and response; and stakeholder engagement.

While all Performance Standards are applicable to this investment, IFC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards

PS 1 - Assessment and Management of Environmental and Social Risks and Impacts
PS 2 - Labor and Working Conditions
PS 3 - Resource Efficiency and Pollution Prevention
PS 4 - Community Health, Safety and Security
PS 6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

All the hospital projects are proposed within the premises of existing hospitals. The water projects' facilities will also be either built within premises of existing facilities or on land in possession of departments under GoK or within the RoW of existing roads. Only in the Manjeri project, the OHSR is located on private land that was donated by the landowner to KWA. Accordingly, no land acquisition nor displacement, including of informal settlers, is envisaged in any of the projects. Further, none of the projects impact indigenous people or on any cultural heritage. Accordingly, there are no expected impacts that need to be managed consistent with PS5: Land Acquisition and Involuntary Resettlement; PS7: Indigenous Peoples; and/or PS8: Cultural Heritage.

## Investment Description

- International Finance Corporation (IFC)

IFC’s investment is through a local currency green financing package of US$150 million (equivalent in INR) to KIIFB. The loan tenor is up to 10 years with a two-year grace period. IFC may mobilize around US$50 million equivalent in INR from parallel lenders.

IFC will provide long-term financing without any sovereign guarantee to a subnational entity in India. Long-term financing is expected to play a countercyclical role. IFC's proposed support to the State of Kerala will be especially relevant to help the State diversify its local currency funding sources. IFC will also deliver a comprehensive package of advisory services to help KIIFB implement the construction of water and hospital expansion projects according to international environmental and social (E&S) best practices and build up its E&S capacities, certify the hospital projects as green buildings using IFC's EDGE tool, help KIIFB develop a Green Financing Framework, and provide KIIFB with guidance and capacity-building for incorporating climate resilience into its operations.

## Contact Information

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ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org