



India: Preparing Nonsovereign Urban Infrastructure Projects

Project Name	Preparing Nonsovereign Urban Infrastructure Projects	
Project Number	42146-012	
Country	India	
Project Status	Closed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 7221-IND: Preparing Nonsovereign Urban Infrastructure Projects Japan Special Fund US\$ 1.00 million Technical Assistance Special Fund US\$ 250,000.00	
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Private sector development	
Sector / Subsector	Water and other urban infrastructure and services - Urban policy, institutional and capacity development	
Gender Equity and Mainstreaming	No gender elements	
Description	In urban infrastructure space it has been a challenge to access cost competitive long tenor loans. This TA is to assist in conducting due diligence of urban infrastructure projects from lenders' perspective and aid sub-sovereign entities to seek debt financing from local and international lenders.	
Project Rationale and Linkage to Country/Regional Strategy	Urban infrastructure still continues to be seen as high risk sector and private capital is hesitant to enter this sector. Attracting private capital into urban infrastructure has been challenging and the progress has been relatively slower than in other infrastructure sub-sectors. The Government of India requested ADB for TA to promote PPPs in urban infrastructure development. Given this backdrop, this TA is to support due diligence of bankable projects that have not attracted private sector interests due to perceived high level of risk. By investing upfront in technical, financial, legal and other due diligence, the TA will make the risks more transparent, will reduce the gap between perceived and real risk and make the projects attractive for lenders including ADB's non-sovereign initiative. The TA resources to be used to pay for services of skilled professionals/consultants.	
Impact	Increased number of cities providing improved urban services by engaging in project financing in India; accelerated economic growth and reduction in poverty; and improved urban environment and enhanced quality of life for urban inhabitants.	

Project Outcome

Description of Outcome	Technical, financial and legal due diligence for two to three projects selected by ADB for possible ADB nonsovereign lending in selected cities in India
Progress Toward Outcome	Under this TA, ADB has assisted Bangalore Metro Rail Corporation (BMRCL) in developing a bankable financial model. Based on this model and due diligence carried out, ADB has sanctioned a non sovereign loan of \$250 million to BMRCL. For developing the Model Concession Agreement for Urban Metro Rail Projects in the country, consultant was engaged who delivered part deliverables (inception report and review report of best practices followed in such projects).

Implementation Progress

Description of Project Outputs	<p>Project Outputs</p> <p>(i) Sub-Component 1-Shortlisted Project Identification: Identification of Shortlisted Projects will be done through a multi-pronged approach. In addition to ADB Staff, local experts and consultants who have strong networks with Asset Owners through their earlier advisory work with those owners would be engaged to assess Asset Owners and possible Target Projects.</p> <p>(ii) Sub-Component 2-Appraisal of the Targeted Project(s): After a Target Project is identified, the TA would provide financial assistance in respect of the Asset Owner in the appraisal of the detailed project reports (DPRs) and assist in suggesting improvements, if necessary, to the standards acceptable to ADB.</p> <p>(iii) Sub-Component 3-Business, Financial and Legal Due Diligence for Subsovereign Lending. Once a suitable structure has been established and agreed to by the relevant government authority and the Asset Owner, the Asset Owner will need further assistance so that it can (i) frame the parameters for any needed reform to the regulatory requirements for the Target Project; (ii) undertake the preparation of a detailed financial model; (iii) transfer unencumbered Target Project assets into to a newly-formed SPV; (iv) prepare for tender by the SPV of a concession or other licensing agreement; and (v) identify the framework for direct agreements, escrow agreements, mortgages and other security elements on which a private sector lender will rely as collateral for its financing of the Target Project.</p>
Status of Implementation Progress (Outputs, Activities, and Issues)	The TA funds have been utilized in preparing bankable project structures (including, social and environmental impact assessments, commercial and financial due-diligence) for urban infrastructure projects in Bangalore (metro rail). Also there has been part deliverable in respect of model concession agreement for metro rail projects in the country incorporating best practices.
Geographical Location	India

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design Stakeholder consultation and participation was included in the design of Bangalore Metro Rail project.

During Project Implementation During implementation of Bangalore Metro Rail project, stakeholder participation was carried out.

Business Opportunities

Consulting Services 10 consultants (including individuals and firm) have been engaged to get expert input on the project.

Responsible Staff

Responsible ADB Officer	Bhadra, Ashis
Responsible ADB Department	South Asia Department
Responsible ADB Division	India Resident Mission
Executing Agencies	<i>Ministry of Urban Development</i> <i>Mr.P.K.Srivastava</i> <i>Ministry of Urban Development, Govt. of India</i>

Timetable

Concept Clearance	27 Aug 2008
Fact Finding	22 Oct 2008 to 24 Oct 2008
MRM	-
Approval	16 Dec 2008
Last Review Mission	-
PDS Creation Date	16 Sep 2008
Last PDS Update	26 Mar 2013

TA 7221-IND

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
16 Dec 2008	23 Feb 2009	23 Feb 2009	31 Dec 2010	31 Dec 2012	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,250,000.00	0.00	350,000.00	0.00	0.00	0.00	1,600,000.00	16 Dec 2008	271,944.33

Project Page <https://www.adb.org/projects/42146-012/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=42146-012>

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