

Project Summary Information (PSI)

Project No.: 000030

Project Name	National Investment and Infrastructure Fund
Country	Republic of India
Sector	Multi-Sector
Project No.	000030
Environmental and Social Category	Category FI
Date of PSI prepared or updated	28 August 2017
Estimated Date of Board Consideration	1 st Quarter 2018
Concept Decision	Approved

I. Introduction

The Government of India has placed investment in infrastructure as one of the key drivers of development of the Indian economy. The Government therefore established the National Investment and Infrastructure Fund (NIIF) to foster investment in the infrastructure sector in India. The Government of India will take a 49% stake in NIIF, and aims to raise additional capital from long term investors, such as sovereign wealth funds, insurance and pension funds, endowments, and other private investors.

NIIF has created a fund with an aggregate target corpus of US\$2.1 billion (the Fund) for investments into Indian infrastructure assets. The Bank will consider a commitment of US\$200 million to the Fund.

The Fund aligns with the Bank's mandate to (i) foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors, and (ii) promote regional cooperation and partnership in addressing development challenges by working in close collaboration with development institutions such as the NIIF.

II. Objectives and Expected Results

The objective of the Fund is to mobilize more private sector capital into infrastructure sectors, and increase infrastructure investment in India. These investments will include operating companies and new ventures. The platform could also consider investments into other commercially viable investments within the broader strategy of the Fund.

This initiative will play an important catalytic role in private sector capital mobilization in India by attracting additional capital inflows from domestic and global long-terms investors.

III. Fund Description

The Fund is expected to play the role of a catalyst for supporting investments in infrastructure with the objective of maximizing economic impact through its investments.

Sector specific platform companies will be the primary investment vehicles of the Fund. For each sector of interest, the Fund will create a platform company in partnership with a limited number of financial investors. Operating expertise will be sought either through the inclusion of an operating partner or through a management team backed by NIIF and other partners.

The Fund will exclusively invest in India and intends to operate mostly through scalable platform companies that will target infrastructure assets primarily in the following sectors: roads, ports, airports, power (generation, transmission, distribution), urban infrastructure, and logistics.

IV. Environmental and Social Category

The Fund has been placed in Category FI, because the Fund is a Financial Intermediary (FI). The Fund will select companies in which to invest based on criteria agreed in advance with the Fund's investors, including the Bank. Such criteria include environmental and social requirements acceptable to the Bank.

For specific investments, the Bank requires the Fund manager to establish an Environmental and Social Management System (ESMS) that is materially consistent with the Bank's Environmental and Social Policy (ESP). The ESMS will be used to conduct due diligence on, minimize, and monitor the environmental and social risks and impacts associated with Fund investments.

The Fund will be prohibited from investing in anything on the Bank's Environmental and Social Exclusion List. Fund investments will be consistent with applicable Indian laws and requirements contained in the applicable Environmental and Social Standards (ESSs) of the Bank for any potentially sensitive investments.

The Fund manager will monitor the investments' implementing entities with respect to environmental and social requirements and furnish the Bank with periodic reports on the performance of the entities relating to management of environmental and social risks and impacts in the investments.

V. Estimated Fund Size (in US\$ million)

Target Fund Size:	2,100	Total AIIB Financing:	200
Financing Gap:			
For Loans/Credits/Equity/Others			Amount
Government of India			1,000
AIIB			200
Other Investors			900
Total			2,100

VI. Implementation

The proposal is for the Bank to provide financing to a financial intermediary, namely a Fund, to finance investments. Where a Fund investment provides financing to a private-sector entity, the procurement financed under this Fund investment would be undertaken by the respective beneficiary in accordance with established commercial practices that ensure a sound selection of goods, works and services. Where a Fund investment provides financing to a public-sector entity, then the procurement must meet the requirements of the Bank's Core Procurement Principles as provided under section II of the Interim Operational Directive: Procurement Instructions for Recipients.

Expected implementation period (Start Date and End Date): 2018 – 2037

Contact Point

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