

## Signing of a Japanese ODA Loan Agreement with India: Promoting Public-Private Partnership infrastructure projects by providing long-term funds to India Infrastructure Finance Company Limited

1. On March 11th, the Japan International Cooperation Agency (JICA) signed a Japanese ODA loan agreement with India Infrastructure Finance Company Limited (IIFCL) in New Delhi to provide up to 50,000 million yen for "PPP Infrastructure Financing Project."

2. Despite current remarkable economic growth of India, infrastructure needs to be fostered for continuous economic growth. Infrastructure development in India requires huge funds, whereas the Government of India has limited financial source. Therefore, private finance through public-private partnership (PPP) infrastructure projects has been proactively promoted by the Government of India, leading to the world's largest PPP market at present.

3. On the other hand, infrastructure investment by the private sector recently remains stagnant due to the delay in land acquisition and various government approval processes, the deterioration of profitability by excessive competition, and so on. In addition, commercial banks, which are main resources of private funding in infrastructure development, also have difficulty in keeping in providing long-term funds to infrastructure projects because of the asset-liability mismatch and the rise of risk tolerance especially for road and power sector. Furthermore, the capital market for long-term funding to infrastructure projects has not yet been well developed in India.

4. In these circumstances, IIFCL, Indian government owned financial institution established in 2006, is expected to more actively provide long-term funds to infrastructure projects. JICA provides loan to IIFCL with sovereign guarantee under this project ("PPP Infrastructure Financing Project") and IIFCL will be able to supply long-term funds for infrastructure development. This project promotes development of infrastructure by PPP and economic development through more use of private funds in India.

### 5. Reference

#### (1) Terms and amounts of loans

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
PPP Infrastructure Financing Project	50,000	JPY Libor(Floor: 0.1%)	-	20	6	General untied

#### (2) Executing Agency

India Infrastructure Finance Company Limited  
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#### (3) Planned Implementation Schedule

(i) Completion of project: March 2022 – with completion of the loan disbursement

(ii) Issuing of letters of invitation for consulting services (including construction supervision): No hiring of consultants is planned for this project.

(iii) Tender announcement of initial procurement package for international competitive bidding on project construction:

Procurement activities are expected to take place under sub-loan projects undertaken by infrastructure developers in India that receive funding from IIFCL.



Signing ceremony