



Project Summary Information

Date of Document Preparation: 20 th Jan 2025	
Project Name	ABFL Sustainable Infrastructure Financing
Project Number	P000906
AIIB member	India
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure; Private Capital Mobilization
Status of Financing	Under Preparation
Objective	To accelerate India's transition to a low-carbon economy by advancing renewable energy infrastructure or fostering electric mobility ecosystems, thereby reducing greenhouse gas emissions.
Project Description	<p>The Project contemplates providing debt financing of USD150 million in INR equivalent to Aditya Birla Finance Limited (ABFL) to support its lending to projects in renewable energy and E-mobility sectors in India. The financing will be provided through subscription to non-convertible debentures (NCDs) to be issued by ABFL.</p> <p>ABFL is a non-banking finance company (NBFC) providing diversified lending and financing solutions in India, including project finance loans, corporate loans, SME loans and personal loans. It is a 100% subsidiary of Aditya Birla Capital Limited (ABCL), which is the holding company for all financial services businesses of Aditya Birla Group (ABG).</p>
Expected Results	<ul style="list-style-type: none"> • Increase of renewable generation capacity installed • Greenhouse gas (GHG) emission reduction
Environmental and Social Category	FI

Environmental and Social Information	<p>Applicable Policy and Categorization. AIIB's Environmental and Social Policy (ESP) including Environmental and Social Exclusion List (ESEL) applies to this on-lending credit facility. The Project has been placed in Category FI because the financing structure involves the provision of funds through a Financial Institution (FI), whereby AIIB delegates to ABFL the decision-making on the use of AIIB's funds towards sub-projects meeting the conditions agreed upon with ABFL. This includes the selection, appraisal, approval, and monitoring of sub-projects and the oversight of the sub-borrowers and sub-projects in line with AIIB's ESP requirements.</p> <p>Environment and Social Management System (ESMS). ABFL has committed to develop Environmental and Social Management System (ESMS) and Environmental and Social (E&S) Policy that comply AIIB's ESP requirements for this Project before financial closure. The ESMS will incorporate the following key elements: AIIB's ESEL, E&S categorization, E&S due diligence processes and E&S performance monitoring in alignment with AIIB ESP requirements. Activities such as coal mining, coal transportation or coal-fired power plants, as well as infrastructure exclusively dedicated to support any of these activities, will be excluded under the proposed facility.</p> <p>Environmental and Social Aspects. The AIIB loan proceeds will be used for on-lending to the renewable energy (solar, wind, geothermal, pumped storage, production of hydrogen, and/or a combination of the preceding systems), energy storage, and E-mobility solutions and associated infrastructure projects. Financing to subprojects in these sectors will present various environmental and social risks that will be managed by AIIB's ESF aligned ESMS of ABFL. ABFL through its ESMS will ensure comprehensive E&S due diligence is conducted to assess the potential impacts of selected sub-projects on environment, biodiversity, cultural resources, community (including indigenous people) and occupational health and safety issues. ABFL will also address potential labor issues in supply chain of utility scale solar photovoltaic subproject as part of this due diligence process.</p> <p>Labor and Employment Condition and Gender Aspects. ABFL through its E&S due diligence, will assess & mitigate labor and working conditions as well as safety issues in subprojects. Further, subprojects under this facility are required to comply with (i) the labor laws and standards of the host countries as well as (ii) the provisions of AIIB's ESP on labor and working conditions. The ESMS will include requirements to identify and mitigate potential occupational health and safety (OHS) issues in all subprojects under this facility. ABFL is committed to gender equality and supporting women's empowerment. Potential gender risks for the sub-projects under AIIB's financing will be reviewed as part of the E&S risk screening and due diligence process. Gender risks associated with labor influx like gender-based violence (GBV), sexual exploitation and abuse (SEA), sexual harassment (SH), and potential conflict with the community, will be identified and mitigated through necessary measures.</p>
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	<p>Environmental and Social Capacity. ABFL has agreed to increase its internal resource capacity by appointing qualified and experienced ES specialists in its ES team. If required, ABFL will also engage external consultants to adequately assess E&S risks, especially for Category A subprojects where specialized studies such as critical habitat assessment, livelihood assessment and restoration are required. To facilitate ABFL's compliance with AIIB's ESF, in addition to prior review of first three subprojects, AIIB will also undertake prior review and approval for all category A and few selected category B (high risk Cat B) subprojects and oversee the monitoring and supervision of ABFL's portfolio under the proposed facility.</p> <p>Stakeholder Engagement, Consultation, and Information Disclosure. ABFL will disclose its E&S Policy and overview of ESMS on its website. For selected Category B investments, ABFL will be required to disclose annual E&S documentation during the preceding 12 months, unless such disclosure is subject to the host country's regulatory requirements, market sensitivities or consent of the sponsor. Additionally, sub-borrowers will be required to disclose their E&S instruments for Category A at least 60 calendar days before the final approval of the sub-project activity. The links with that E&S information including an overview of ESMS will also be provided timely by the Bank in an appropriate manner.</p> <p>Project Grievance Redress Mechanism (GRM). ABFL has a Grievance Redressal Mechanism (GRM) to receive and address third-party views, enquiries, or concerns from community stakeholders. ABFL will further ensure setup of GRM at subproject level to receive grievances or concerns from project affected people. The information of established GRMs and AIIB's Project-affected People's Mechanism (PPM) will be timely disclosed in an appropriate manner.</p> <p>Monitoring and Supervision Arrangements. ABFL will rely on information provided directly by the sub-borrowers to conduct E&S monitoring of the sub-projects. ABFL will maintain a comprehensive database comprising all relevant E&S information and report to AIIB a summary of the E&S aspects and overview of the E&S performance of the Project's portfolio every year and on an agreed template. ABFL will also be required to submit semi-annual report on E&S performance of subprojects with higher risk activities. AIIB will conduct post-review of the selection and implementation of sub-projects as part of its regular supervision, comprising engagement with ABFL, potential site visits and detailed review of the E&S documentation of selected sub-projects.</p>
<p>Cost and Financing Plan</p>	<p>AIIB proposes to invest up to USD150 million in INR equivalent through subscription to non-convertible debentures (NCDs) to be issued by ABFL.</p>

Borrower	Aditya Birla Finance Limited			
Estimated date of first disbursement (NSBF)	Q1 2025			
Contact Points:	AIIB	Borrower	Implementation Organization/Sponsor	
Name	Neeraj Jain	Pooja Pandey	NA	
Title	Senior Investment Officer	Treasury Team leader	NA	
Email Address	neeraj.jain@aiib.org	pooja.pandey1@adityabirlacapital.com	NA	
Date of Concept Review Decision	08/20/24			
Date of Final Review Decision	01/13/25			
Estimated Date of Financing Approval	February 2025			

Independent Accountability Mechanism	<p>AIIB's Project-affected People's Mechanism (PPM) applies for this Project. The PPM has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its E&S policies in situations when their concerns cannot be addressed satisfactorily through the project-level GRMs or AIIB Management's processes. Information on AIIB's PPM is available at: https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html</p>
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