



India: MFF - North Karnataka Urban Sector Investment Program - Tranche 2

Project Name	MFF - North Karnataka Urban Sector Investment Program - Tranche 2				
Project Number	38254-043				
Country / Economy	India				
Project Status	Closed				
Project Type / Modality of Assistance	Loan				
Source of Funding / Amount	<table border="1"><tr><td>Loan 2638-IND: MFF - North Karnataka Urban Sector Investment Program - Tranche 2</td><td></td></tr><tr><td>Ordinary capital resources</td><td>US\$ 123.00 million</td></tr></table>	Loan 2638-IND: MFF - North Karnataka Urban Sector Investment Program - Tranche 2		Ordinary capital resources	US\$ 123.00 million
Loan 2638-IND: MFF - North Karnataka Urban Sector Investment Program - Tranche 2					
Ordinary capital resources	US\$ 123.00 million				
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth				
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development				
Sector / Subsector	Water and other urban infrastructure and services / Other urban services - Urban policy, institutional and capacity development - Urban sewerage - Urban slum development - Urban water supply				
Gender	Effective gender mainstreaming				
Description	The North Karnataka Urban Sector Investment Program will help GoK rehabilitate existing urban infrastructure facilities and construct new ones in ULBs of North Karnataka. The Investment Program will assist GoK in meeting its urban sector investment plan and providing water supply systems, sewerage systems, drainage, and urban road resurfacing and junction improvements. The living environment in slums will be improved with the provision of basic services. Firefighting capacity improvements, tourism infrastructure, and lake rehabilitation are also included. The Investment Program will introduce private sector participation (PSP) in selected subsectors in selected ULBs and support ongoing institutional reforms and training for ULB staff currently being conducted by GoK under the Nirmala Nagar Program (NNP).				
Project Rationale and Linkage to Country/Regional Strategy					
Impact	Improved quality of life relative to the whole state.				
Project Outcome					
Description of Outcome	Improved basic urban services for people living in program 22 ULBs.				
Progress Toward Outcome	Execution of civil works is still ongoing and the target outcome for sanitation and water supply infrastructures have not yet been achieved.				
Implementation Progress					
Description of Project Outputs	Enhance capacity of urban infrastructure - Slum Improvement Enhance capacity of urban infrastructure - Institutional Development Enhance capacity of urban infrastructure - Non-Municipal Enhance capacity of urban infrastructure - Water Supply Enhance capacity of urban infrastructure - Sanitation (Sewerage)				
Status of Implementation Progress (Outputs, Activities, and Issues)	<ol style="list-style-type: none">Slum Improvement - Physical works in progress. 3,159 slum households, including 600 women headed households, (out of 4,000) have been provided with improved water facilities and 5,323 slum households (out of 4,000) with improved sanitation. NGOs were appointed and have provided support for training and capacity development activities.Institutional Development:<ol style="list-style-type: none">Implementation of property tax as amended in the Karnataka Municipal Act 1964 with 75% coverage - Achieved in all 25 ULBs. Self-assessment system/capital value system for property tax has been undertaken in all 25 project towns; and collection levels are improving, averaging nearly 83.53% (till end of Mar 2015 for financial year 2014-15). To secure further improvements, base and property mapping is underway in all towns except for 5 towns, which are being financed under tranche 3.Application of the Fund-Based Accounting System (FBAS) for all ULBs - Achieved in all 25 ULBs. However, there is a need to further improve property values assessments and collection levels. For this purpose, base and property mapping is underway in all NKUSIP towns except for five, which are being taken up under Project 3.Introduction of volumetric water tariff (w/ water supply subproject before commissioning) for all 9 ULBs - GOK first directed ULBs to adopt volumetric tariffs in 1996 and has since provided both technical support (through advisory functions and preparation of relevant manuals) and community education support (through the Education and Communication campaigns under Project 2) to enhance acceptance of tariffs among citizens. Effective 20 July 2011, GOK issued a revised tariff order making metering compulsory. All ULBs receiving water subprojects have passed resolutions ahead of subproject implementation. ULBs, however, have low collection efficiencies (partly due to the poor water service being provided prior to completion of works). Project 4 considers operator contracts for watery supply and operator payments would be out of volumetric water tariff collected.Introduction of sewerage tariff (w/ sewerage subproject before commissioning) for all 12 ULBs - For many of NKUSIP s ULBs, sewerage services are being introduced for the first time and thus few ULBs have a sewerage tariff in place. Effective 20 July 2011, GOK issued a revised tariff order requiring the introduction of sewerage tariffs.Introduction of PPP contract - Contract awarded to successful bidder for 24x7 water supply subproject in Ilkal under PBMC. Civil works are completed and preparatory works for operations is ongoing. Mainstreaming activities underway in Project 4.Non-Municipal Infrastructure - Improvement of Tourism Infrastructure in 2 ULBs and Construction of District Information Centers in 2 ULBs were completed. Procurement of fire-fighting equipment for 7 ULBs consisting of 4 packages has also been completed.Sanitation - Physical works are still in progress: 5,400 households with sewerage facilities; 738 km, of new sewers built/rehabilitated; 8.05 km of new drains have been built/rehabilitated.Water Supply - Physical works are still in progress: 11,850 households with improved water facilities; 868 km of pipe networks have been built/rehabilitated.				
Geographical Location	Badami, Basavakalyan, Belgaum, Bellary, Bidar, Bijapur, Gadag-Betageri, Gangawati, Gokak, Gulbarga, Haveri, Hospet, Hubli-Dharwad, Ilkal, Jamkhandi, Koppal, Nipani, Rabkavi-Banhatti, Ranibennur, Shahabad, Sindhnur, Yadgir				

Safeguard Categories	
Environment	B
Involuntary Resettlement	B
Indigenous Peoples	B

Summary of Environmental and Social Aspects

Environmental Aspects	The Tranche 2 subprojects are consistent with the MFF's design which maximizes environmental and public health benefits. IEEs were conducted for Tranche 2 subprojects in accordance with the EARP for the MFF. These IEEs show that net environmental benefits are positive and large: more and better-quality drinking water from water supply subprojects; better public health, particularly fewer waterborne diseases through water supply, sewerage, and drainage investments; improved aesthetics through sewerage and drainage works; and reduced flooding through drainage improvements. Negative impact, if any, during construction and operation will not be significant because larger facilities will be built in low density and non-sensitive areas, the works will be quickly constructed, and simple technologies with low maintenance requirements will have preference. ADB approved the updated IEE reports for the sub-projects. Adverse impacts are minimized by implementing EMP measures.
Involuntary Resettlement	Subprojects under the Tranche 2 are designed to minimize land acquisition and resettlement impacts. To the extent feasible, subprojects involving rehabilitation will be accommodated within the existing facilities' premises to avoid land acquisition and resettlement. Subprojects involving construction of water supply, sewerage, and drainage facilities are proposed on vacant government land wherever possible. Overall impacts will be further minimized through careful siting and alignment during detailed design and subproject implementation. The resettlement framework (RF) prepared for the MFF outlines the objectives, policy, principles, and procedures for involuntary resettlement, and related assistance measures for affected persons. It was decided that all affected persons are to be compensated and/or resettled in accordance with the RP before commencement of civil works.
Indigenous Peoples	There are no indigenous people impacts in sample projects to date. In the event any impacts are seen in non-sample subprojects, these will follow the requirement of the Indigenous Peoples Development Framework (IPDF). The RF also provides specific measures made through additional entitlements accorded to vulnerable groups which include IPs.

Stakeholder Communication, Participation, and Consultation

During Project Design
During Project Implementation

Business Opportunities

Consulting Services	Consultants will be selected and engaged in accordance with ADB's Guidelines on the Use of Consultants to assist the Government in implementing the Investment Program. One Apex NGO and national NGOs will be engaged for Information, Education and Communication (IEC) activities.
Procurement	Procurement of all goods and services under the Investment Program will be undertaken in accordance with ADB's Guidelines for Procurement, and in accordance with the rules and regulations of the Government acceptable to ADB. Some of civil works (water, sanitation, and drainage) contracts have been awarded. Remaining contracts will be awarded soon.

Responsible ADB Officer	Liau, Charlene
Responsible ADB Department	South Asia Department
Responsible ADB Division	India Resident Mission
Executing Agencies	Karnataka Urban Infrastructure Development and Finance Corporation Limited Mr. Shrivastava, IAS KUIDFC.PMU@SMD.SPRINTRPG.EMS.VSNL.NET.IN Silver Jubilee Block, 2nd floor, Unity B, 3rd Cross, Mission Road, Bangalore, India 560 027

Timetable

Concept Clearance	04 Sep 2004
Fact Finding	-
MRM	05 Mar 2008
Approval	14 Jun 2010
Last Review Mission	-
PDS Creation Date	22 Jan 2008
Last PDS Update	31 Mar 2017

Loan 2638-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
14 Jun 2010	16 Dec 2010	01 Mar 2011	30 Jun 2016	05 Dec 2016	20 Apr 2017

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	123.00	Cumulative Contract Awards			
ADB	123.00	17 Jun 2022	116.07	0.00	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	17 Jun 2022	116.07	0.00	100%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Satisfactory

Project Page	https://www.adb.org/projects/38254-043/main
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Request for Information	http://www.adb.org/forms/request-information-form?subject=38254-043
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Date Generated	30 May 2023
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