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India: Karnataka Integrated Urban Water Management Investment Program - Tranche 1

Project Name

Karnataka Integrated Urban Water Management Investment Program - Tranche 1

Project Number

43253-025

Country / Economy

- India

Project Status

Closed

Project Type / Modality of Assistance

- Grant
- Loan

Source of Funding / Amount

Grant 0399-IND: Karnataka Integrated Urban Water Management Investment Program - Tranche 1

| Source | Amount |
|---|-------------------|
| Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility | US\$ 1.80 million |
| Loan 3148-IND: Karnataka Integrated Urban Water Management Investment Program - Tranche 1 | |

| Source | Amount |
|----------------------------|--------------------|
| Ordinary capital resources | US\$ 75.00 million |

Strategic Agendas

- Environmentally sustainable growth
- Inclusive economic growth

Drivers of Change

- Gender Equity and Mainstreaming
- Governance and capacity development
- Partnerships
- Private sector development

Sector / Subsector

- **Water and other urban infrastructure and services** / Urban policy, institutional and capacity development - Urban sewerage - Urban water supply

Gender

Effective gender mainstreaming

Description

Project 1 is representative of subprojects to be financed under the investment program. Under output 1, project 1 will finance Urban Water Supply and Sanitation (UWSS) infrastructure in three towns of the Tungabhadra subbasin: Byadagi, Davangere, and Harihar.

Project Rationale and Linkage to Country/Regional Strategy

Wide variations exist in coverage in Project 1 urban local bodies (ULBs), ranging from 48% in Harihar to 64% in Byadagi. Use of shared water connections in Project 1 ULBs range from 4% to 13%. About 40% of households in Harihar and Byadagi and 20% to 24% of households in Davangere are dependent on public taps. None of the Project 1 ULBs have a continuous supply of water. The average per capita water consumption in the three project ULBs is as low as 60 liters per capita per day and even lower for below poverty line households. Of the low income households living in slums, 15% are located within the program areas. Baseline survey results indicate that only 54% to 66% of households in the program areas have access to individual toilets. Use of shared toilets is anywhere from 5% to 11%. Open defecation varies from 3% to 41% and access to sewerage systems ranges from 13% to 77%. The baseline results further suggest that the percentage of below poverty line households in Project 1 areas ranges from 17% to 37%, female-headed households from 6% to 11%, and that the percentage of other disadvantaged households is 26%.

Project 1 will provide (i) increased water treatment capacity (15,000 cubic meters per day) and improvements to water supply networks (1,065 km) to ensure comprehensive, efficient and continuous water supply; and (ii) increased wastewater treatment capacity (4 new sewage treatment plants with a total capacity of 48,000 cubic meters per day) and improvements to the sewerage networks (365 km of pipeline and 5,000 pro-poor toilets) to promote environmental protection. Output 2 will support reform implementation and will finance (i) a fraction of the ULB incentive fund, and services to (ii) draft the public standpost guidelines, (iii) prepare selected IT-based modules and pilot them in three selected towns, (iv) assist mainstreaming private sector participation through performance-based contracts in water schemes, and (v) develop and deliver a communication and awareness campaign. Under output 3, it will finance consultancies for project management and design and supervision, as well as capacity development activities to strengthen KUIDFC's financial intermediary mandate and ULBs' administrative functions (through training of over 75 officials).

Impact

Improved sustainable water security in the Upper Tunga Bhadra subbasin

Project Outcome

Description of Outcome

Improved water resources management in selected urban areas of the Upper Tunga Bhadra subbasin

Progress Toward Outcome

10 contracts (Water Supply:6, Waste Water: 4) were awarded under the project, out of

which 7 contracts (Davangere STP, Byadgi Bulk Water Supply, Harihara town, Byadgi and Davangere Sewerage) are under trial run/commissioning, 2 (Davangere bulk water and Byadgi water distribution) project will be completed by March 2022 and one contract of Davangere water supply will be completed by mid-2022.

Implementation Progress

Description of Project Outputs

Expanded and upgraded UWSS infrastructure in three towns of the Upper Tunga Bhadra subbasin

Improved water resource planning, monitoring, and service delivery

Strengthened operational and administrative capacity of KUIDFC and ULBs

Status of Implementation Progress (Outputs, Activities, and Issues)

Work of rehabilitation and upgradation of water supply system is under progress in Byadgi, Harihara and Davangere. The target of continuous 24*7 water supply will be fully achieved after completion of all water supply related subprojects in the project towns. The target of supplied water meeting national standard will be completed when the water treatment plants will be operationalized. Water Treatment Plant of 40 MLD is nearing completion in Davangere and 20 MLD under commissioning in Harihara. Target of increasing water production and treatment capacity will be met when both the WTPs are operationalized. The work of laying sewer lines in Byadgi, Harihara and Davangere are nearing completion in all respect. Community Water Groups (CWG) has been formed in all the three ULBs. Regular meetings are held with the CWGs to promote water conservation, hygiene, and sanitation. Women participation is highly encouraged. Waste Water treatment plant at Davangere (20 MLD+5 MLD), Harihara (18 MLD) and Byadgi (5 MLD) have been constructed to increase the sewage treatment capacity by 48 MLD. Work of water supply distribution network is under advanced stage. Work of construction of toilets is completed under the OBA Grant 0399-IND. Social & Behavioral Programs conducted. Fund have been established and NRW baseline audit has been completed in all 4 towns Harihara, Byadgi, Davangere and Renebennur. Mapping of existing assets & assets being created under the project is being done in all the 4 towns regularly. Customer database is being regularly updated in all the 4 project towns. IT Module-1 & 2 has been operationalized on flat rate basis in 4 project towns. To better manage service delivery of water services in urban local bodies (ULBs), the State Government has accorded approval of 7 reform guidelines/policies: (a) guidelines for regularizing unauthorized connections; (b) volumetric tariff determination model; (c) urban watershed management guidelines; (d) guidelines for strategy plan for urban drinking water demand management - public stand post policy; (e) guidelines for water safety plans; (f) monitoring and assessment framework for non-revenue water; and (g) water service charters. All the water supply subprojects are implemented using performance based construct and operator contract. The consultants team mobilized to assess financial intermediation capacity of KUIDFC, submitted revised 'As-is' report. KUIDFC is reviewing the findings and preparing for the meetings with senior state officials to discuss options and obtain guidance about the way forward. After obtaining the State Government policy direction, the consultants would carry out focused institutional audit and prepare phase wise transition plan. The consultants team mobilized to assess financial

intermediation capacity of KUIDFC, submitted revised 'As-is report. KUIDFC is reviewing the findings and preparing for the meetings with senior state officials to discuss options and obtain guidance about the way forward. After obtaining the State Government policy direction, the consultants would carry out focused institutional audit and prepare phase wise transition plan. Economic, social, gender equality and environmental impact on the subprojects are being monitored and reported to ADB via safeguard and gender reports. Workshops focusing on social and gender issues are being organized for KUIDFC, ULBs, PMU, PIU women and men staff. Project MIS with sex disaggregated data has been developed. 3.2(a) Capacity development programs are being developed and trainings are being imparted. Loan was fully utilized by the loan closing date of 30 September 2020.

Geographical Location

Safeguard Categories

Environment

B

Involuntary Resettlement

B

Indigenous Peoples

C

Summary of Environmental and Social Aspects

Environmental Aspects

Initial environmental examinations with environmental management plans were prepared for project 1 in accordance with ADB's Safeguard Policy Statement and government laws. The initial environmental examinations conclude that no significant adverse impact is anticipated as a result of UWSS infrastructure expansion and rehabilitation works proposed in the project 1 towns. It is envisaged that the net environmental benefits to the population of the three towns will be positive and significant as a result of improved (i) water efficiency and security through the implementation of non-revenue water reduction programs; and (ii) river water quality through the expansion of sewerage networks, treatment capacity, and sanitation coverage. The initial environmental examinations outline a grievance redress mechanism to ensure easy and quick redress of any complaints or concerns during project implementation. The environmental management plans provide adequate mitigation measures to address temporary construction impacts, including traffic management, to ensure limited disruption to traffic flow and access.

Involuntary Resettlement

Temporary impacts on loss of income to shop owners, street vendors, and hawkers are envisaged due to construction and rehabilitation of water supply and sewerage networks in project towns. A total of 9.09 hectares of private agricultural land was needed to be acquired for the construction of sewage treatment plants in Byadagi and Davengere, impacting 12 landowners. The new service reservoirs, sewage treatment plants, lift stations, and community toilets are located within existing facilities or in government and/or community lands. One voluntary land donation for a sewage lift station in Harihar was identified and Independent third party validation of the donated land was done. 0.74 hectares of land of STP was of farmers which was purchased and transferred to ULB and the report is included in the final Harihar resettlement plan.

The final resettlement plans of Byadgi, Harihara and Davangere were prepared upon the completion of detailed design and were updated when required. The Indian Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act is in effect since 1 January 2014.

Indigenous Peoples

Based on socioeconomic surveys, no indigenous people reside in project sites.

Improved water supply and sewerage networks will benefit all households equally.

Stakeholder Communication, Participation, and Consultation

During Project Design

Information flows will focus on: (i) sharing project information (scope and progress) with decision makers, responsible agencies, consultants and contractors; (ii) explain the project and resolve concerns raised by affected persons; and (iii) involve beneficiaries in field-level monitoring activities. They provide information on: (i) who is responsible to ensure the actions and strategy are implemented, and (ii) what resources are required to implement the plan and strategy.

During Project Implementation

Meaningful and widespread consultation continued throughout implementation. The project has recruited a social development consultant at the regional project management unit who works closely with the poor, the disadvantaged, and women to promote community participation and development. Household level disaggregated data (by ethnicity, sex, and social and economic status) are being collected to inform targeted programming and identify implementation gaps in relation to social inclusion.

Business Opportunities

Consulting Services

All consultants and nongovernment organizations (NGOs) will be financed by the State Government. KUIDFC has long standing experience recruiting and managing consultants. ADB will satisfy itself that recruitment is in line with Clause 1.8 of ADB's Guidelines on the use of Consultants.

Procurement

All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). The concurred standard bidding documents for national competitive bidding will be applicable for use under all Projects under the Facility. The procurement plan indicates the threshold, mode of procurement and consultant selection, review procedures, and contract packages.

Contact

Responsible ADB Officer

Majumder, Sourav

Responsible ADB Department

South Asia Department

Responsible ADB Division

India Resident Mission (INRM)

Executing Agencies

Timetable

| | |
|---------------------|-------------|
| Concept Clearance | - |
| Fact Finding | - |
| MRM | 09 Jul 2013 |
| Approval | 29 Jul 2014 |
| Last Review Mission | - |
| Last PDS Update | 14 Dec 2021 |

Funding

Grant 0399-IND

Milestones

| Approval | Signing Date | Effectivity Date | Closing | | |
|-------------|--------------|------------------|-------------|-------------|-------------|
| | | | Original | Revised | Actual |
| 29 Jul 2014 | 30 Dec 2014 | 07 May 2015 | 30 Sep 2019 | 30 Sep 2021 | 25 Jan 2022 |

Financing Plan

| Total (Amount in US\$ million) | |
|--------------------------------|-------|
| Project Cost | 42.00 |
| ADB | 0.00 |
| Counterpart | 40.20 |
| Cofinancing | 1.80 |

Grant Utilization

| | Date | ADB | Others | Net Percentage |
|----------------------------|-------------|------|--------|----------------|
| Cumulative Contract Awards | 29 Jan 2024 | 0.00 | 1.26 | 100% |
| Cumulative Disbursements | 29 Jan 2024 | 0.00 | 1.26 | 100% |

Status of Covenants

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

Loan 3148-IND

Milestones

| Approval | Signing Date | Effectivity Date | Closing | | |
|-------------|--------------|------------------|-------------|-------------|-------------|
| | | | Original | Revised | Actual |
| 29 Jul 2014 | 30 Dec 2014 | 07 May 2015 | 30 Sep 2019 | 30 Sep 2020 | 19 Jan 2021 |

Financing Plan

Total (Amount in US\$ million)

| | |
|--------------|-------|
| Project Cost | 75.00 |
| ADB | 75.00 |
| Counterpart | 0.00 |
| Cofinancing | 0.00 |

Loan Utilization

| | Date | ADB | Others | Net Percentage |
|----------------------------|-------------|-------|--------|----------------|
| Cumulative Contract Awards | 29 Jan 2024 | 75.00 | 0.00 | 100% |
| Cumulative Disbursements | 29 Jan 2024 | 75.00 | 0.00 | 100% |

Status of Covenants

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

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