



India: Visakhapatnam-Chennai Industrial Corridor Development Program - Project 1

Project Name	Visakhapatnam-Chennai Industrial Corridor Development Program - Project 1
Project Number	48434-003
Country / Economy	India
Project Status	Active
Project Type / Modality of Assistance	Grant Loan

Grant 0495-IND: Visakhapatnam-Chennai Industrial Corridor Development Program - Tranche 1

Source of Funding / Amount	Urban Climate Change Resilience Trust Fund under the Urban Financing Partnership Facility	US\$ 5.00 million
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Loan 3430-IND: Visakhapatnam-Chennai Industrial Corridor Development Program - Project 1

	Ordinary capital resources	US\$ 245.00 million
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration
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Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Partnerships Private sector development
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Sector / Subsector	Energy / Electricity transmission and distribution Industry and trade / Large and medium industries Transport / Road transport (non-urban) Water and other urban infrastructure and services / Urban water supply
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Gender	Effective gender mainstreaming
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Description	The Visakhapatnam-Chennai Industrial Corridor Development Program (VCICDP) will complement the ongoing efforts of the Government of Andhra Pradesh (GoAP) to enhance industrial growth and create high quality jobs. The VCICDP comprises a multitranche financing facility (MFF), a grant, and a policy-based loan (PBL). The MFF and the grant will support priority infrastructure investments in the Visakhapatnam-Chennai Industrial Corridor (VCIC), and the PBL will support policy reforms and institutional development in the state.
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While India has seen a rapid structural transformation and achieved strong economic growth since 1991, one of the most pressing policy challenges is to create more productive and well-paying jobs in manufacturing and services which has lagged with a contribution GDP. India has adopted an industrial corridor approach to stimulate manufacturing and an Act East policy to integrate the Indian economy with Asia's dynamic global production networks. The industrial corridor approach involves the creation of an efficient multimodal transport network supported by quality infrastructure and logistics within a defined geography, and a policy framework that facilitates business operations for integration with global production networks.

In line with these policies, the government and the Asian Development Bank (ADB) identified the East Coast Economic Corridor (ECEC) India's first coastal corridor extending over 2,500 kilometers (km) from Kolkata in West Bengal to Tuticorin in Tamil Nadu. The VCIC, which covers more than 800 km of coastline in Andhra Pradesh, is proposed to be developed as the first phase of the ECEC. In the state of Andhra Pradesh, which has 49.4 million people making it the 10th most populous state in India, the manufacturing sector contributes 12% to the state's GDP lagging the national average of 15%. There is a pertinent need to usher in greater degree of industrialization in the state by addressing challenges such as low industrial diversification, and concentration of manufacturing sector employment in small, labor-intensive, informal enterprises with low skills, productivity, and earnings. Key infrastructure in industrial clusters remains inadequate to support the burgeoning demand for efficient industrial infrastructure and robust skills inventory. It also needs to further improve its procedures for doing business, labor-related laws, land management, and taxation laws if it is to enhance its competitiveness and benchmark itself with other countries in the region such as Singapore, the Republic of Korea, and Malaysia. The VCICDP is in line with ADB's country partnership strategy for India.

Project Rationale and Linkage to Country/Regional Strategy

Impact

Contribution of the manufacturing sector to the gross domestic product, trade, and employment of GoAP increased

Project Outcome

Description of Outcome

Growth and competitiveness of the VCIC enhanced

Progress Toward Outcome

Physical progress is slow due to unavailability of counterpart funds

Implementation Progress

Description of Project Outputs

Visakhapatnam Chennai Industrial Corridor infrastructure strengthened and more resilient
Institutional capacities, human resources, and program management strengthened

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

Skill enhancement programs are conducted for 6,396 persons including workers, entrepreneurs and students. Project development mechanism with time-bound action plan is being established. Capacity development programs, including training on gender and monitoring of gender-disaggregated data are being conducted. Investor promotion plan is being developed. Satisfactory quarterly progress reports and audit reports are being submitted on time and gender-disaggregated data are being collected. 31 km of internal roads improved, with gender-responsive design features constructed in Naidupeta industrial cluster. 65.8 Km of storm water drains constructed in Naidupeta cluster. Climate change resilience plan for Visakhapatnam to be prepared. 1 MLD common effluent treatment plant constructed and commissioned in Naidupeta industrial cluster. Road widening work in progress. 18,039 meters installed in Greater Visakhapatnam Municipal Corporation. 117 km overhead stringing and 9 km underground cable installed in industrial clusters. 284 km of new drinking water pipelines laid in Visakhapatnam. Three substation works completed and commissioned at Naidupeta Industrial Area and works are in progress at Visakhapatnam Industrial Area. Bulk water supply works are in progress. 29.9 km of water pipelines constructed in industrial clusters.

Geographical Location

Andhra Pradesh

Safeguard Categories

Environment	B
Involuntary Resettlement	A
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects

Project 1 of the MFF is categorized as B for environment in accordance with the Safeguard Policy Statement. An environmental assessment and review framework has been prepared for the MFF in line with the Safeguard Policy Statement and applicable laws. Four initial environmental examination reports prepared for Project 1 subprojects show that the subprojects are not likely to cause any significant adverse environmental impacts, and any impacts during construction and operation can be mitigated through appropriate design and good practices. Public consultations were conducted for all Project 1 subprojects during preparation of the MFF. The initial environmental examinations, including the environmental management plan, are considered sufficient to meet the environmental assessment requirements of ADB and the government. The GoAP has established grievance redress mechanism in respective Project Implementation Units (PIUs). No grievances have been reported so far related to the subprojects.

Involuntary Resettlement	<p>Project 1 of the MFF is categorized as A for involuntary resettlement. A resettlement framework has been prepared in accordance with ADB's Safeguard Policy Statement (2009) and applicable laws. Four resettlement plans and two due diligence reports for Project 1 have been prepared in line with the Safeguard Policy Statement and will be updated after detailed designs. Project 1 resettlement impacts comprise 2,632 affected persons, including 1,182 significantly affected, the acquisition of 14.5 hectares of private land, and impact on 367 structures. The proposed mitigation measures, including capacity building of the PMU and PIUs, are adequate to address the assessed risks. The safeguard documents are disclosed on the ADB website, and relevant information will be shared with the affected persons. The resettlement process for Project 1 has commenced. The compensation payment process is ongoing. Information on affected persons and compensation payments is being reported regularly in the semi-annual social safeguards monitoring reports. The GoAP has established grievance redress mechanism in respective Project Implementation Units (PIUs). No grievances have been reported so far related to the subprojects.</p>
Indigenous Peoples	<p>Project 1 of the MFF is categorized as C for indigenous peoples. An indigenous peoples planning framework has been prepared in accordance with ADB's Safeguard Policy Statement (2009) and applicable laws.</p>

Stakeholder Communication, Participation, and Consultation

During Project Design	Public consultations were conducted for all Project 1 subprojects during preparation of the MFF.
During Project Implementation	Meaningful and widespread consultations were held and will continue with all communities in the project area.

Business Opportunities

Consulting Services	The project management unit will recruit consultants in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). Consulting services include project management and supervision, road safety awareness, and resettlement monitoring.
Procurement	Procurement of civil works and goods will be carried out in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).
Responsible ADB Officer	Hosur Viswanath, Ashwin
Responsible ADB Department	Sectors Group
Responsible ADB Division	Water and Urban Development Sector Office (SG-WUD)
Executing Agencies	<i>Department of Industries & Commerce, Government of Andhra Pradesh</i>

Timetable

Concept Clearance	-
Fact Finding	-
MRM	07 Apr 2016

Approval 26 Sep 2016
 Last Review Mission -
 Last PDS Update 20 Mar 2024

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Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
26 Sep 2016	23 Feb 2017	05 May 2017	30 Jun 2023	-	25 Jan 2024

Financing Plan

Grant Utilization

	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	5.00	Cumulative Contract Awards			
ADB	0.00	02 Apr 2024	0.00	4.20	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	5.00	02 Apr 2024	0.00	4.20	100%

Status of Covenants

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

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Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
26 Sep 2016	23 Feb 2017	05 May 2017	30 Jun 2023	30 Jun 2024	-

Financing Plan

Loan Utilization

	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	353.00	Cumulative Contract Awards			
ADB	245.00	02 Apr 2024	227.56	0.00	93%
Counterpart	108.00	Cumulative Disbursements			
Cofinancing	0.00	02 Apr 2024	151.23	0.00	62%

Status of Covenants

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

Request for Information <http://www.adb.org/forms/request-information-form?subject=48434-003>

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