



India: Tamil Nadu Urban Flagship Investment Program - Tranche 1

Project Name	Tamil Nadu Urban Flagship Investment Program - Tranche 1												
Project Number	49107-004												
Country / Economy	India												
Project Status	Active												
Project Type / Modality of Assistance	Grant Loan Technical Assistance												
Source of Funding / Amount	<table border="1"><tr><td>Grant 0613-IND: Solar Powered Sewage Treatment Plan in Coimbatore, India</td><td></td></tr><tr><td>Asian Clean Energy Fund under the Clean Energy Financing Partnership Facility</td><td>US\$ 2.00 million</td></tr><tr><td>Loan 3718-IND: Tamil Nadu Urban Flagship Investment Program - Tranche 1</td><td></td></tr><tr><td>Ordinary capital resources</td><td>US\$ 169.00 million</td></tr><tr><td>TA 9599-IND: Strengthening Institutional Capacity for Project Development and Urban Governance in Tamil Nadu</td><td></td></tr><tr><td>Technical Assistance Special Fund</td><td>US\$ 1.00 million</td></tr></table>	Grant 0613-IND: Solar Powered Sewage Treatment Plan in Coimbatore, India		Asian Clean Energy Fund under the Clean Energy Financing Partnership Facility	US\$ 2.00 million	Loan 3718-IND: Tamil Nadu Urban Flagship Investment Program - Tranche 1		Ordinary capital resources	US\$ 169.00 million	TA 9599-IND: Strengthening Institutional Capacity for Project Development and Urban Governance in Tamil Nadu		Technical Assistance Special Fund	US\$ 1.00 million
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Technical Assistance Special Fund	US\$ 1.00 million												
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth												
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Knowledge solutions Partnerships												
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	The program will develop priority water supply, sewage and drainage infrastructure in at least 10 cities located within strategic industrial corridors of Tamil Nadu. It will support innovative pilots, including India's first solar-powered sewage treatment plant (STP) to offset greenhouse gas emissions and enhance operational efficiency; strengthen urban governance; and build capacity of state and local institutions to enhance services delivery, environmental sustainability, and climate resilience.												
Project Rationale and Linkage to Country/Regional Strategy	Tamil Nadu ranks first in urbanization amongst large states in India (48.5% of its population lives in cities, which is projected to increase to 67% in 2030) and is the second largest contributor to the country's gross domestic product. Despite being a leader in many areas of manufacturing and information technology enabled services, managing rapid urbanization will be vital to sustaining its economic growth, alleviating poverty, and maintaining urban livability. Key challenges include: (i) acute infrastructure deficits with increasing demands from rapid urbanization; (ii) expanding slum populations; (iii) pollution of waterways; (iv) weak institutional capacity to plan and implement projects; and (v) mixed performance in key governance indicators, including local revenue generation, financial management, and municipal administration. Water related disasters such as recurring droughts (once in every 2.5 years) and catastrophic urban floods linked to climate change are aggravated by high water losses in older distribution networks and inadequate drainage systems not adapted to heavier monsoon rains. Addressing these complex challenges requires significant investments and deeper institutional support.												
Impact	(i) Universal access to basic water and sanitation services achieved (Vision Tamil Nadu 2023) (ii) 'World-class cities and industrial corridors across the state developed (Vision Tamil Nadu 2023); and (iii) Water security, reduced vulnerability to climate change in urban areas, and enhanced share of renewable energy achieved (Tamil Nadu Sustainable Water Security Mission, State Action Plan on Climate Change)												
Project Outcome													
Description of Outcome	Livability and climate resilience in six cities in priority industrial corridors enhanced												
Progress Toward Outcome	Works are ongoing.												
Implementation Progress													
Description of Project Outputs	Climate-resilient sewage collection and treatment, and drainage systems developed in six cities. Water supply systems in one city improved with smart features. Institutional capacity, public awareness, and urban governance strengthened												
Status of Implementation Progress (Outputs, Activities, and Issues)	1. Sewage Collection and Treatment: All contracts have been awarded in the project cities (Tirunelveli, Tiruchurapalli, Vellore, Chennai, Coimbatore and Rajpalayam) and works are ongoing. One contract of Tirunelveli underground sewerage works (UGSS) - Phase 3 has been terminated due to poor performance and the balance work is to be rebid. 2. Water Supply: Contract with smart features awarded and ongoing in Chennai. 3. Construction Management and Supervision Consultants, Project Design Consultants and Governance Improvement and Awareness Consultant have been mobilized to support the executing agencies for execution of the output.												
Geographical Location	Ambur, Chennai, Coimbatore, Cuddalore, Rajapalayam, Thoothukkudi, Tiruchchirappalli, Tirunelveli, Tiruppur, Vellore												
Safeguard Categories													
Environment	B												
Involuntary Resettlement	B												
Indigenous Peoples	C												
Summary of Environmental and Social Aspects													

Environmental Aspects	Initial environmental examinations were prepared by the implementing agencies for all subprojects, which showed no significant environmental impacts. The anticipated impacts are temporary and will be avoided or minimized through proven mitigation measures and engineering-construction practices, as outlined in the environmental management plans.
Involuntary Resettlement	The implementing agencies prepared resettlement plans for all subprojects to assess and adequately address (i) potential temporary loss of income for street vendors on proposed pipe alignments; and (ii) permanent impacts in the Vellore sewerage subproject. No private land acquisition is required.
Indigenous Peoples	There are no indigenous people communities present at or around subproject sites.

Stakeholder Communication, Participation, and Consultation

During Project Design	An initial baseline survey was conducted under the project preparatory technical assistance (PPTA). A community awareness and participation plan (CAPP) has been prepared.
During Project Implementation	The initial baseline survey has been expanded on and updated by the governance improvement and awareness consultant and will target the collection of information on the socioeconomic profile of the program beneficiaries. The survey will cover all elements of society including the vulnerable, marginalized and poor.

Business Opportunities

Consulting Services	All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). There will be one Construction Management and Supervision Consultant (CMSC) for each implementing agency (except for municipalities to be assisted by TWAD) to assist it in all aspects of the TNUFIP. One agency will be recruited to support CMA for capacity building and urban reforms, participation and awareness consultant will support implementation of incentivized reform, capacity building and participation activities. Each CMSC will require an estimated 2878 person-months national experts and will be responsible for the contract management and construction supervision, data collection and assessment, assisting ULBs to evaluate bids, supervising construction, monitoring and reporting to PMU on progress and compliances, assisting in the disbursement of funds and ensuring safeguard compliance in line with ADB requirements. A governance improvement and awareness consultant (GIAC) will be recruited to assist the CMA (which is the implementing agency for governance and capacity building component and has administrative control over the ULBs) to support in implementing community participation, gender and social inclusion action plan, public awareness campaigns and incentivized governance improvement component. The consultants will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality: cost ratio of 90:10. Individual consultants will be recruited using a bio-data technical proposal.
Procurement	Procurement of civil works and goods including consulting services will follow ADB's Procurement Guidelines (2015, as amended from time to time). The procurement of consultants will follow ADB's Guidelines on the use of Consultants (2013, as amended from time to time). A procurement capacity assessment concluded the overall procurement risk for the project is moderate. The TNUFSL has extensive experience in development partner-supported procurement of large works and will provide advisory support to ULBs and the CMA.

Responsible ADB Officer	Majumder, Sourav
Responsible ADB Department	South Asia Department
Responsible ADB Division	India Resident Mission (INRM)
Executing Agencies	Ministry of Finance (Aid Accounts & Audit Division) Municipal Administration and Water Supply Dep't Tamil Nadu Urban Infrastructure Financial Services Ltd.

Timetable

Concept Clearance	-
Fact Finding	-
MRM	29 May 2018
Approval	28 Sep 2018
Last Review Mission	-
Last PDS Update	14 Dec 2022

Grant 0613-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
28 Sep 2018	16 Nov 2018	12 Feb 2019	31 Dec 2021	31 Dec 2022	17 Apr 2023

Financing Plan		Grant Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	2.00				Cumulative Contract Awards
ADB	0.00	07 Dec 2023	0.00	1.42	100%
Counterpart	0.00				Cumulative Disbursements
Cofinancing	2.00	07 Dec 2023	0.00	1.42	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Loan 3718-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
28 Sep 2018	16 Nov 2018	12 Feb 2019	31 Dec 2023	-	-

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	475.50	Cumulative Contract Awards				
ADB	169.00	07 Dec 2023	153.27	0.00	91%	
Counterpart	306.50	Cumulative Disbursements				
Cofinancing	0.00	07 Dec 2023	78.28	0.00	46%	

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

TA 9599-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
28 Sep 2018	30 Nov 2018	30 Nov 2018	31 Dec 2020	15 Sep 2023	22 Nov 2023

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,000,000.00	0.00	0.00	0.00	0.00	0.00	1,000,000.00	07 Dec 2023	593,984.10

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
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Project Page <https://www.adb.org/projects/49107-004/main>

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