



India: Karnataka Integrated Urban Water Management Investment Program-Tranche 2

Project Name	Karnataka Integrated Urban Water Management Investment Program-Tranche 2	
Project Number	43253-027	
Country / Economy	India	
Project Status	Active	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan 3726-IND: Karnataka Integrated Urban Water Management Investment Program-Tranche 2	
	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	
Sector / Subsector	Water and other urban infrastructure and services / Urban sewerage - Urban water supply	
Gender	Effective gender mainstreaming	
Description	Tranche 2 will enhance urban water supply and sanitation infrastructure; and improve water resource planning, monitoring and service delivery in four coastal towns (Kundapura, Mangalore, Puttur, and Udupi). The rapid pace of economic development and urbanization of the coastal region of Karnataka has put considerable stress on the existing urban water supply and sanitation infrastructure. The groundwater table is shallow and contaminated by saltwater intrusion. The coastal towns should promote the efficient and sustainable use of water by reducing nonrevenue water, expanding water treatment capacity, improving storage facilities, and extending more connections to end-users. The sewerage system of Mangalore requires immediate rehabilitation and upgrading to enhance the capacity of the pumping main and expand coverage. To offer improved water services, urban local bodies (ULBs) must enhance their technical and financial capacity. Climate adaptation measures are required to protect this ecologically sensitive region from climate change impacts.	
Project Rationale and Linkage to Country/Regional Strategy	On 28 March 2014, the Asian Development Bank (ADB) approved the provision of a loan under a multitranche financing facility for the Karnataka Integrated Urban Water Management Investment Program, for an aggregate amount not exceeding \$150 million until 15 March 2024. Karnataka is one of India's most water-stressed states, and its rapid urbanization and industrialization require effective management of available water resources. The road map of the program seeks to enhance sustainable water security in Karnataka. The policy framework will follow the principle of integrated water resources management (IWRM) to establish a process of coordinated planning, development, and management of urban water resources. The investment program (i) provides investment support to modernize and expand urban water supply and sanitation services; (ii) strengthens institutions to improve water use efficiency, productivity, and sustainability; and (iii) pursues innovative technologies and instruments such as public private partnerships and reform-oriented incentive funds. The executing agency is the State of Karnataka, acting through the Karnataka Urban Infrastructure Development and Finance Corporation Limited.	
Impact	Sustainable water security in selected river basins in Karnataka improved.	
Project Outcome		
Description of Outcome	Urban water resource management in four coastal towns (Kundapura, Mangalore, Puttur, and Udupi) improved.	
Progress Toward Outcome	The water supply work of Kundapura town is completed and O&M have started from June 2022. WS works in all the other three towns are at different stage of implementation.	
Implementation Progress		
Description of Project Outputs	1. Urban water supply and sanitation infrastructure expanded and upgraded 2. Water resource planning, monitoring, and service delivery system of urban local bodies improved 3. Institutional capacity of executing agency and urban local bodies strengthened.	
Status of Implementation Progress (Outputs, Activities, and Issues)	1. Single works contract for the Replacement of Old Sewerage Pumping Mains and Rehabilitation of Sewerage System in Mangalore has been physically completed with 11.42 km pipeline laid. All four Works and Services for the O&M of 24x7 WSS contracts were awarded.- Kundapura: work completed and O&M started; Udupi: physical progress at 56%; Puttur: physical progress at 66%; Mangalore: physical progress at 28%. 2. KUIDFC has developed: (i) consumers database, procedure for availing water connections, water bill generation in both flat and volumetric modes (IT-1); and (ii) ring fenced accounting of water and wastewater services, enabling the ULBs to assess the income, revenue, and profit/loss (IT-2). KUIDFC has recruited an IT service provider (M/s Vassar Lab) for the rollout of the IT modules 3 and 4 for the project urban local ULBs. The service provider would also retrofit the IT Modules 1 and 2 in a different software application which would be available with the ULBs for a longer period. 3. NGO was mobilized on 20 Nov 2020An ADB expert mobilized to support KUIDFC and ULBs to implement policy actions. Administrative Staff College of India (ASCI) was appointed as a capacity building consultant for Project 1 and Project 2 trainings has been initiated where 4 batches have been completed.	
Geographical Location	Kundapura, Mangalore, Puttur, Udupi	
Safeguard Categories		
Environment		B
Involuntary Resettlement		B
Indigenous Peoples		C

Summary of Environmental and Social Aspects

Environmental Aspects	The environmental assessment and review frameworks and IEEs for all subprojects have been prepared, reviewed, and disclosed in accordance with the SPS, including disclosure to affected people. The IEEs demonstrate that subproject sites are not within or adjacent to environmentally sensitive areas, and that works will likely have only small-scale, temporary, and local impacts on the environment that can be readily mitigated and minimized by applying proven measures and construction practices. The stakeholders were involved through meaningful consultations and their views were incorporated in the planning and development of the subprojects. The consultation process will be continued during project implementation. Environmental grievances will be handled according to the grievance redress mechanism developed for Project 1 and included in the PAM. The IEEs will form part of the bid and contract documents. No works can be commenced until ADB approves the final IEEs. Consultant support to the PMU is included to supervise and monitor environmental safeguards compliance. The KUIDFC will continue to report to ADB semiannually on the implementation of environmental management plans.
Involuntary Resettlement	Limited involuntary resettlement impacts are envisaged. The total land requirement for Project 2 is about 5.09 ha, of which about 5.02 ha. are owned by the government, with the remaining 0.068 ha privately owned. The project will potentially have temporary impacts on people's livelihoods, including 75 shops and small business owners, of whom one is identified as vulnerable. In addition, it is anticipated that three vulnerable persons will face loss of fruit-bearing trees grown on municipal land. The project will ensure that they are compensated for their loss at the replacement cost of the trees, and will provide additional assistance to the vulnerable persons. The KUIDFC has prepared draft resettlement plans for the Kundapura and Udupi water-supply-system and Mangalore sewerage subprojects. Draft due diligence reports have been prepared for the Mangalore and Puttur water-supply-system subprojects. Safeguard documents will be finalized based on detailed measurement surveys during project implementation, and will be reviewed and approved by ADB. The resettlement plans will be disclosed to affected people and communities and posted on the KUIDFC and ADB websites. Social safeguards monitoring and reporting to ADB will continue on a semiannual basis.
Indigenous Peoples	No indigenous peoples have been identified within the project areas and/or sites. If indigenous peoples' issues are identified during project implementation, the mitigation actions will be prepared according to the updated indigenous peoples planning framework and the SPS.

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) explaining the project and resolving concerns raised by affected persons; and (iii) involving beneficiaries in field-level monitoring activities and awareness campaign. The Community Awareness and Participation Plan provides information on: (i) who is responsible to ensure the actions and strategy are implemented, (ii) targets, (iii) means of verification, and (iv) timelines to implement the plan and strategy.
During Project Implementation	Meaningful and widespread consultation will continue throughout implementation. The project have engaged a NGO who is working 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 will be financed by the State Government. KUIDFC has long standing experience recruiting and managing consultants. In line with ADB's Procurement Guidelines (2015, as amended from time to time), ADB shall satisfy itself that: (i) the procedures to be used will result in the selection of consultants who have the necessary professional qualifications, (ii) the selected consultants will carry out the assignment in accordance with the agreed schedule, and (iii) the scope of the services is consistent with the needs of the project. The consultants will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality: cost ratio of 90:10.
Procurement	All procurement of goods and works will follow ADB's Procurement Guidelines (2015, as amended from time to time). The KUIDFC has prior and ongoing experience in implementing procurement for projects financed by ADB and other organizations. A procurement risk assessment in 2016 recommended that the KUIDFC be given a low to moderate procurement risk rating because it lacked experience in procuring large contract packages. Another risk is that procurement packages will not ensure the participation of capable bidders. These risks will be mitigated through the prior review of evaluation by ADB of contracts worth more than \$20 million, hiring of consultants with experience in procurement of large contracts, and proactive sourcing and classification of competent bidders. The KUIDFC, with support from the PMDCSC, will also implement the capacity building for ULB officials to enhance project management, procurement, and contract administration.

Responsible ADB Officer	Majumder, Sourav
Responsible ADB Department	South Asia Department
Responsible ADB Division	India Resident Mission (INRM)
Executing Agencies	Karnataka Urban Infrastructure Development and Finance Corporation Limited Ministry of Finance (Aid Accounts & Audit Division)

Timetable

Concept Clearance	-
Fact Finding	-
MRM	04 Jun 2018
Approval	17 Oct 2018
Last Review Mission	-
Last PDS Update	14 Dec 2022

Loan 3726-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
17 Oct 2018	27 Nov 2018	11 Feb 2019	15 Mar 2024	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	109.80	Cumulative Contract Awards			
ADB	75.00	27 Sep 2023	69.32	0.00	92%
Counterpart	34.80	Cumulative Disbursements			
Cofinancing	0.00	27 Sep 2023	53.92	0.00	72%

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

Project Page <https://www.adb.org/projects/43253-027/main>

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