

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. In the last decade, the Asian Development Bank (ADB), the Government of Japan (through the Japan International Cooperation Agency [JICA]), and the World Bank have been major development partners assisting the Government of India in improving urban water supply. Several other bilateral development partners, such as the Government of France (through the Agence Française de Développement) and the Government of Germany (through KfW), are expanding their portfolios in the urban sector, whereas the Government of the United Kingdom (through the Department for International Development of the United Kingdom) and the Government of the United States (through the United States Agency for International Development) are selectively implementing water and sanitation programs in connection to climate vulnerability and adaptation and health programs.

2. In Karnataka, ADB, JICA, and the World Bank are actively engaged in supporting the state government in fulfilling its commitments to the Millennium Development Goals, specifically in meeting Target 7 objectives in the water sector. JICA is assisting the Bangalore Water Supply and Sewerage Board in providing water and sewerage services to the Bangalore metropolitan area. The World Bank, through the Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC), has helped the state government launch its water supply reform program and test continuous efficient water service delivery through private sector participation in selected demonstration zones of three other major cities (Hubli, Belgaum, and Gulbarga). The program is now being extended to the rest of the wards in these 3 cities.

3. ADB has been Karnataka's major urban reform and infrastructure development partner, particularly in secondary cities. ADB recently completed the Karnataka Urban Development and Coastal Environmental Management Project, which assisted 10 towns in coastal Karnataka and promoted a structured urban reform agenda. In North Karnataka, ADB, through the North Karnataka Urban Sector Investment Program, is assisting 25 cities improve municipal and non-municipal infrastructure. In parallel, the World Bank's Karnataka Municipal Reform Project is intended to enhance the quality of urban infrastructure and strengthen the institutional and financial frameworks for urban services. The KUIDFC is the acting executing agency for all urban projects financed by ADB and the World Bank. Details of projects assisted by development partners in the last 10 years are in the table below.

**Table 1: Major Development Partners in Karnataka**

Development Partner	Project Name	Duration	Amount (million)
<b>Urban Sector Development</b>			
ADB	Karnataka Urban Development and Coastal Environmental Management Project	1999–2009	\$175.0
	North Karnataka Urban Sector Investment Program	2006–2015	\$270.0
World Bank	Karnataka Municipal Reform Project	2006–2014	\$216.0
<b>Water Supply</b>			
JICA	Bangalore Water Supply and Sewerage Project Phase 2		
	Water Supply	2005–Date	¥41,900
	Sewerage	2006–Date	¥28,300
World Bank	Karnataka Urban Water Sector Improvement Project	2004–2011	\$39.5

ADB = Asian Development Bank, JICA = Japan International Cooperation Agency.

Source: ADB estimates.

## B. Institutional Arrangements and Processes for Development Coordination

4. The KUIDFC is the executing agency for both ADB and World Bank programs in Karnataka. Coordination and policy consistency for programs financed by these two organizations is high and secured through management meetings and frequent dialogue among staff.<sup>1</sup> At the state level, high-level committees mandated to provide policy and strategic guidance and project oversight are common, and they include representatives from key departments (e.g., the Urban Development Department, Planning Department, and Finance Department), supporting departments (e.g., the State Pollution Control Board), and water agencies (e.g., the Karnataka Water Supply and Sewerage Board). Nationally, institutional coordination at the project level is assured prior to project approval through a screening process that requires the review and approval of concepts by the Ministry of Urban Development (as line ministry) and the Ministry of Finance.

5. ADB has held consultations during project preparatory stages with other development partners to (i) prevent any overlap between ADB's assistance and that of other agencies (particularly the World Bank and JICA), (ii) maximize impact and results of urban reform agendas, (iii) share knowledge and resources (e.g., with the Australian Agency for International Development, the Department for International Development of the United Kingdom, and the Gates Foundation), and identify opportunities for collaboration and co-financing (particularly with the Agence Française de Développement and KfW). Partnership building and cooperation will be further pursued during implementation stages.

6. The proposed assistance will be implemented through a multitranches financing facility (MFF) classified as a program-based approach. The MFF reflects national and state ownership and leadership in shaping the program, the relative application of country systems (particularly in procurement systems), and the high degree of development coordination and increasing harmonization of development partner procedures for reporting, financial management, and procurement.

## C. Achievements and Issues

7. Key achievements that resulted from the collaborative work between ADB's Karnataka Urban Development and Coastal Environmental Management Project (49 "Nirmal Nagar" towns) and the World Bank's Karnataka Municipal Reforms Project (74 towns) are listed in Table 2. Achievements were secured through state's leadership, excellent coordination among KUIDFC project directors, and good dialogue between ADB and the World Bank.

**Table 2: Collaborative Urban Reforms Achievements in Karnataka**

Key Area	Achievement
Property Tax	<ul style="list-style-type: none"> <li>• Computerization of ULB revenue departments for efficient tax management</li> <li>• Launch of Global Information Systems-based property tax information system to streamline property tax collection</li> <li>• Improved filing of records of properties, increased tax compliance rates, and empowerment of ULB officials to make informed decisions</li> <li>• Maximization of coverage by bringing properties into the tax net</li> <li>• Rationalization of the process of assessing property tax</li> <li>• Revenue augmentation</li> </ul>

<sup>1</sup> One example is the recent agreement to apply equivalent contractual structures for performance-based management engagement of the private sector under ADB and World Bank programs.

Key Area	Achievement
Accounting	<ul style="list-style-type: none"> <li>• Computerization of finance wing of ULBs</li> <li>• Preparation of citizen participatory budgets</li> <li>• Additional revenue generation in ULBs through proper resource management backed up by a strong financial information system</li> </ul>
E-governance	<ul style="list-style-type: none"> <li>• Computerization of registration and certification of birth and death system</li> <li>• Creation of ULB websites with basic information for citizens, city finances, details of elected representatives and municipal staff, and a repository of data</li> <li>• Public grievance and redress system</li> </ul>

ULB = urban local body.

Source: Asian Development Bank based on discussions with Karnataka Municipal Reform Cell.

8. The urban reform program has comprehensively addressed the urban governance and financial management objectives, demonstrating a commitment to long-term change that will be furthered through new assistance.

#### **D. Summary and Recommendations**

9. Coordination among development partners and government agencies involved in water and urban infrastructure development is important to (i) avoid project overlap and duplication, (ii) fill gaps, (iii) ensure consistency, (iv) support the government in defining a common reform program, and (v) optimize development benefits and return on investment. Coordination mechanisms at the state level maximize impacts and minimize disputes.