

# Project Administration Manual

Project Number: 43253-027  
Loan Number: 0080-IND  
October 2018

India: Karnataka Integrated Urban Water  
Management Investment Program (Tranche 2)

## ABBREVIATIONS

ADB	–	Asian Development Bank
AFS	–	audited financial statements
DMF	–	design and monitoring framework
CAAA	–	Controller of Aid, Accounts and Audit
DBO	–	design, build and operate
DDR	–	due diligence report
DEA	–	Department of Economic Affairs
DMF	–	design and monitoring framework
DPR	–	detailed project report
EMP	–	environmental management plan
FMA	–	financial management assessment
GESI	–	gender equality and social inclusion
GRM	–	grievance redress mechanism
IEE	–	initial environment examination
Km	–	kilometer
KUIDFC	–	Karnataka Urban Infrastructure Development and Finance Corporation
LIBOR	–	London interbank offered rate
MFF	–	multitranche financing facility
MLD	–	million liters per day
NCB	–	National competitive bidding
NGO	–	nongovernment organization
O&M	–	operation and maintenance
PAM	–	project administration manual
PIU	–	project implementation unit
PMU	–	program management unit
QCBS	–	quality- and cost-based selection
SOE	–	statement of expenditure
SBD	–	standard bidding documents
SWM	–	solid waste management
ULB	–	urban local body
WTP	–	water treatment plant

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### **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with the policies and procedures of the government and Asian Development Bank (ADB). The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC), executing agency, is wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by executing and implementing agencies of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At loan negotiations, the borrower and ADB have agreed to the PAM and ensured consistency with the loan and project agreements. Such agreement shall be reflected in the minutes of the loan negotiations. In the event of any discrepancy or contradiction between the PAM and the loan and project agreements, the provisions of the loan and project agreements shall prevail.

After ADB Management approval of the project's Periodic Financing Request (PFR) Report, changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval, they will be subsequently incorporated in the PAM.



## **I. PROJECT DESCRIPTION**

### **A. Summary of the Facility's Rationale and Location**

1. Karnataka is one of the most water stressed states in India which is approximately 54% of the geographical area declared as drought prone.<sup>1</sup> Thirty-seven percent of State's population of 61.1 million lives in urban area. Karnataka's Vision 2020 anticipates increasing urbanization and industrialization. To support the economic development process of the State and projected urbanization, annual water demand is forecast to rise by up to 40% by 2025. Effective management of available water resources will become one of the main challenges for making the urban centers of Karnataka livable, competitive, socially inclusive, environmentally sustainable and climate resilient. The Karnataka Integrated Urban Water Management Investment Program (KIUWMIP), approved on 28 March 2014, aims to improve water security in selected river basins in Karnataka, through holistic and scientific management of water resources in urban areas and agreed to provide loans up to an amount of \$150 million to finance projects under the Program.

2. The Asian Development Bank (ADB) approved a loan of \$75 million for Project 1 under the multitranche financing facility (MFF) on 29 July 2014. The loan agreement was signed on 30 December 2014 and made effective on 7 May 2015. Project 1 aims to (i) strengthen urban water supply and sanitation infrastructure in three towns (Byadagi, Davangere, and Harihar) of the inland sub-basin; (ii) support reforms such as the establishment of an urban local body incentive fund (UIF); and (iii) support capacity development, including project management and administrative capacity. The Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility provided grant cofinancing of \$1.8 million for Project 1, to improve access to sanitation facilities of low-income households through the Output-Based Assistance Toilet Program.<sup>2</sup>

3. To improve water resource management in major urban centers of coastal Karnataka namely Mangalore and Puttur of Dakshina Kannada District, and Udupi and Kundapur in Udupi District, in a sustainable manner through modernization and expansion of urban water supply and sanitation infrastructure and strengthening relevant institutions and make them efficient, accountable and responsive, Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC) submitted a periodic financing request for Project 2 on 18 May 2018 amounting to \$75.0 million, through the Department of Economic Affairs (DEA), Ministry of Finance (MOF), Government of India.

### **B. Impact and Outcome**

4. Project 2 is aligned with the following impact: sustainable water security in selected river basins in Karnataka improved.<sup>3</sup> Project 2 will have the following outcome: urban water resource management in four coastal towns (Kundapura, Mangalore, Puttur, and Udupi) improved.

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<sup>1</sup> Karnataka State Action Plan on Climate Change, 2015.

<sup>2</sup> The Output-Based Assistance Toilet Program is a result-based financing mechanism under which payments of funds or subsidies are linked to the achievement of specified outputs. The subsidy is provided to beneficiaries, following verifications of satisfactory construction of the substructure, completion of the superstructure, and operation.

<sup>3</sup> Defined by the investment program. This is in line with Karnataka's Vision 2020, which promotes a sustainable and orderly process of industrialization and urbanization while ensuring sustainability of the state's environment and natural resources. (source: Karnataka State Planning Board. 2008. *Karnataka: A Vision for Development*. Bangalore).

## C. Outputs

5. The outputs are:

- (i) **Output 1: Urban water supply and sanitation infrastructure expanded and upgraded.** Project 2 will provide, continuous piped water supply to 765,000 people, and sanitation services with an improved conveyance system to 193,000 people. The details are as below.
  - (a) **Water supply systems upgraded in four towns (Kundapura, Mangalore, Puttur, and Udupi).** This output includes (a) the construction of about 14 kilometers (km) of new water transmission lines, a water treatment plant with a capacity of 8.7 million liters per day, about 76 km of new clear water feeder main, 29 overhead tanks and four ground-level service reservoirs, and new water distribution network of 1,320 km; and (b) the replacement of about 78,900 existing house service connections with metered connections, the provision of new metered connections to about 32,700 households, and the replacement of about 29,500 old meters with new meters, including poor households, vulnerable households, and poor women-headed households.
  - (b) **Sewerage systems rehabilitated in Mangalore.** The output includes the rehabilitation of about 11 km of pumping mains.
- (i) **Output 2: Water resource planning, monitoring, and service delivery of urban local bodies (ULBs) improved.**
  - (a) **Operational capacity strengthened through policy and institutional reform actions.** This includes: (a) periodic water audits conducted, (b) volumetric tariff determination models developed and rolled-out, (c) dynamic asset management system developed, (d) water operation accounts ring-fenced in ULBs, and (e) UIFs implemented by project towns.
  - (b) **Gender responsive and inclusive service delivery systems institutionalized.** This includes: (a) water and sanitation committees formed in target slums, and (b) public awareness campaigns conducted.
  - (c) **Climate-resilient policy actions implemented.** This includes: (a) rainwater harvesting policy adopted and implemented; (b) policy to incentivize the use of treated wastewater for industry, agriculture, and horticulture adopted and implemented; and (c) monitoring of water quality and water audit institutionalized.
- (ii) **Output 3: Institutional capacity of executing agency and ULBs strengthened.** This output includes: (a) the project management and service delivery capacity of the project management unit (PMU), project implementation unit (PIU), and concerned ULB staff strengthened; and (b) key stakeholders sensitized on project scope, water conservation, nonrevenue water reduction, and gender and social inclusion in urban governance.



## II. IMPLEMENTATION PLAN

### A. Project Readiness Activities

Table 1: Project Readiness Activities

Milestones	Responsible Agency	2017	2018												2019
		Jul-Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Advance contracting actions															
- Surveys and detailed design of all Subprojects completed	Executing agency	X													
- Tendering of 30% of the subprojects completed	Executing agency			X											
- 30% of the subprojects ready for contract awards	Executing agency						X								
Resettlement and Land Acquisition (Negotiated. Settlement)	Executing agency/ULBs	X	X	X	X	X	X								
ADB Due Diligence Mission Fielding	ADB			X											
Loan Negotiations	ADB and Executing agency										X				
ADB approval	ADB											X			
Loan signing	ADB, DEA and Executing agency												X		
Government legal opinion provided	Executing agency													X	
Government budget inclusion	Executing agency				X										
Loan effectiveness	Executing agency, DEA, ADB														X

ADB = Asian Development Bank, DEA = Department of Economic Affairs, EA= Executing Agency, ULBs = urban local bodies  
Source: Asian Development Bank.

### Table 2: Overall Project Implementation Plan

[illegible]

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations–Roles and Responsibilities

**Table 3: Roles and Responsibilities of Project Implementation Organizations**

Project Implementation Organization	Roles and Responsibilities
<b>IWRM Steering Committee</b>	<p>The IWRM Steering Committee will:</p> <ul style="list-style-type: none"> <li>(i) Provide policy direction on matters relating to IWRM in Karnataka;</li> <li>(ii) Provide strategic guidance and oversee the coordination of IWRM programs in the State; and</li> <li>(iii) Ensure coordination on water resource management among State agencies.</li> </ul> <p>The IWRM Steering Committee, constituted thru Government Order dated 19 July 2010, comprised:</p> <ul style="list-style-type: none"> <li>(i) Chief Secretary (chair);</li> <li>(ii) Principal Secretary, Water Resources Department (member secretary);</li> <li>(iii) Principal Secretary, Urban Development Department;</li> <li>(iv) Principal Secretary, Rural Development Department;</li> <li>(v) Principal Secretary, Agriculture Department;</li> <li>(vi) Principal Secretary, Commerce and Industries Department;</li> <li>(vii) Principal Secretary, Forest, Ecology and Environment Department;</li> <li>(viii) Secretary, Minor Irrigation;</li> <li>(ix) Managing Director, KUIDFC;</li> <li>(x) Managing Director, Karnataka Urban Water Supply and Drainage Board; and</li> <li>(xi) Chairman, Bangalore Water Supply and Sanitation Board.</li> </ul>
<b>State-level Empowered Committee</b>	<p>The State-level Empowered Committee will:</p> <ul style="list-style-type: none"> <li>(i) Provide policy direction in all aspects other than IWRM, including (but not limited to): <ul style="list-style-type: none"> <li>(a) Implementation of the urban institutional reform agenda;</li> <li>(b) Service standards, including coverage, quality (including quality parameters at point of delivery and discharge);</li> <li>(c) Utility management, including PPP structures for water operation;</li> <li>(d) Climate resilient measures to be adopted by project ULBs in line with Karnataka state action plan on climate change for water and waste water management;</li> <li>(e) Financial mechanisms for managing water demand and securing sufficient revenues for adequate operation and maintenance and asset replacement;</li> <li>(f) Gender responsive and inclusive service delivery systems; and</li> <li>(g) State Guidelines to manage stand posts.</li> </ul> </li> <li>(ii) Provide project strategic guidance, including (but not limited to) <ul style="list-style-type: none"> <li>(a) Confirming the design and approval process of the UIF for Improved Water Sector Planning, Monitoring and Use;</li> <li>(b) Confirming the selection of towns receiving assistance under the UIF;</li> <li>(c) Endorsing ULB information technology-based modules for reform implementation and improved service delivery; and</li> <li>(d) Reviewing and endorsing proposed managerial and technical advances under the project.</li> </ul> </li> <li>(iii) Provide project oversight, including (but not limited to):</li> </ul>

<b>Project Implementation Organization</b>	<b>Roles and Responsibilities</b>
	<ul style="list-style-type: none"> <li>(a) Reviewing the performance of the investment program and each of its tranches, including outcome and output delivery and inputs allocated for this;</li> <li>(b) Reviewing and providing direction on compliance (i) with loan covenants under ADB loans, (ii) environmental and social safeguards, GESI action plan and CAPP;</li> <li>(c) Reviewing and providing direction on any critical issues affecting the project;</li> <li>(d) Providing a venue for high level interdepartmental coordination on project related matters and resolve issues;</li> <li>(e) Guide ULBs to take actions to ensure sustainable service delivery and facilitate structuring an effective capacity building and institutional strengthening program in line with project deliverables</li> <li>(f) Approving evaluation reports prepared tender evaluation committees, and contract awards for large packages, as well as contract variations above a predetermined ceiling;</li> <li>(g) Reviewing and approving annual budgets and the delivery of projected contract awards and disbursements, as agreed with ADB;</li> <li>(h) Approving balance sheets, audit reports and other project related annual reports, if deemed necessary;</li> <li>(i) Securing the establishment and adequate staffing of central and regional PMUs; and</li> <li>(j) Confirming that resolutions have been passed by relevant ULBs, prior to proposing a subproject, as necessary.</li> </ul> <p>The State-level Empowered Committee will comprise:</p> <ul style="list-style-type: none"> <li>(i) Additional Chief Secretary (Chair);</li> <li>(ii) Principal Secretary, Urban Development Department;</li> <li>(iii) Principal Secretary, Planning Department;</li> <li>(iv) Secretary to Government for M&amp;UDA;</li> <li>(v) Secretary to Government (Expenditure), Finance Department;</li> <li>(vi) The Commissioner, Directorate of Municipal Administration; and</li> <li>(vii) Managing Director, KUIDFC.</li> </ul>
<b>District-level Steering Committee</b>	<p>The District-level Steering Committee will:</p> <ul style="list-style-type: none"> <li>(i) Monitor implementation of subprojects and oversee implementation of institutional reforms program by project ULBs including UIF;</li> <li>(ii) Coordinate between local agencies to facilitate approvals and clearances;</li> <li>(iii) Coordinate among sub-basin ULBs in the district, if any dispute relating to water was to arise among the ULBs;</li> <li>(iv) Coordinate with other ULBs within the sub-basin, if any issues arise;</li> <li>(v) Assist the project grievance redress mechanism process for social, environmental gender and quality issues that cannot be addressed at subproject level (CPMU/ RPMU/ PIU); and</li> <li>(vi) Conduct periodic review of project progress.</li> </ul> <p>The District-level Steering Committee will comprise:</p> <ul style="list-style-type: none"> <li>(i) The Deputy Commissioner of the District (Chair);</li> <li>(ii) The Deputy Project Director from the concerned regional PMU;</li> <li>(iii) Municipal Commissioners/Chief Officers of the Project ULBs of the district;</li> <li>(iv) Presidents/Chairpersons of the project ULBs of the district;</li> <li>(v) Executive Engineer of respective PIUs; and</li> <li>(vi) Project Director, District Urban Development Cell.</li> </ul>

Project Implementation Organization	Roles and Responsibilities
<b>Urban Development Department</b>	<p>The Urban Development Department will:</p> <ul style="list-style-type: none"> <li>(i) Provide coordination among agencies under its purview, including project implementation agencies (KUIDFC and KMDS) and other agencies with urban-related mandates (e.g., the Directorate of Municipal Affairs and KUWSDB);</li> <li>(ii) Secure annual project budgetary allocations proposed by KUIDFC;</li> <li>(iii) Guide KMDS in the design and implementation of ULB information technology-based modules for reform implementation and improved service delivery;</li> <li>(iv) Through Director of Municipal Administration influenced the ULBs in implementation of reform program including UIF; and</li> <li>(v) Provide policy guidance, strategic direction and oversight in KUIDFC's transitioning towards financial intermediation.</li> </ul>
<b>KUIDFC</b>	<p>As executing agency for the Project, with the support of the central program management unit, will:</p> <ul style="list-style-type: none"> <li>(i) Oversee the overall implementation of the Project;</li> <li>(ii) Liaise and correspond with ADB on all issues relating to the investment program and each project;</li> <li>(iii) Coordinate with (a) national and state agencies to resolve any interdepartmental issues, and (b) other aid agencies for implementation of non-physical activities;</li> <li>(iv) Based on predetermined performance parameters, undertake selection of towns eligible for financing of infrastructure and institutional development assistance;</li> <li>(v) Approve <ul style="list-style-type: none"> <li>(a) Detailed engineering designs; and</li> <li>(b) Training and capacity building programs;</li> </ul> </li> <li>(vi) Procure consultancy services for implementation of the project;</li> <li>(vii) Oversee and manage the procurement of services, works and goods by the respective implementing agencies;</li> <li>(viii) Manage program management consultants, design and construction supervision consultants, and contractors and suppliers, where KUIDFC is the employer;</li> <li>(ix) Advise ULBs on procurement-related and contract management issues;</li> <li>(x) Monitor the adequate implementation of: <ul style="list-style-type: none"> <li>(a) Project compliance with ADB SPS,2009;</li> <li>(b) Resettlement plans and TPP, when required;</li> <li>(c) EMPs;</li> <li>(d) Corrective action plans consistent with safeguard frameworks;</li> </ul> <p>Including:</p> <ul style="list-style-type: none"> <li>a. The timely review and submission of semiannual safeguards monitoring reports to ADB;</li> <li>b. Ensure that resettlement plans and initial environmental examinations (IEEs)/ EMPs are updated by consultants during detailed design;</li> <li>c. Confirm that EMPs are included in the bidding and contract documents of all civil works packages; and</li> <li>d. The timely disclosure of safeguards documents to affected persons, in an accessible place and in a form and language understandable to them.</li> </ul> </li> <li>(xi) Maintain project accounts and submit consolidated quarterly reports;</li> <li>(xii) Establish and maintain a PPMS at each subproject level, as well as a project and investment program levels;</li> </ul>

Project Implementation Organization	Roles and Responsibilities
	<p>(xiii) Monitor physical and non-physical investment activities under each sub-project;</p> <p>(xiv) Obtain necessary data for establishing (baseline), maintaining and updating the PPMS;</p> <p>(xv) Prepare and submit:</p> <ul style="list-style-type: none"> <li>(a) Reports to the Steering Committees for consideration and approval;</li> <li>(b) Periodic progress reports on each investment activities;</li> <li>(c) Periodic financing requests (through DEA) for ADB's consideration;</li> <li>(d) Audit reports; and</li> <li>(e) Reports mandated under the loan and project agreements;</li> </ul> <p>(xvi) Consolidate and submit disbursement application to ADB in a timely manner;</p> <p>(xvii) Secure annual budgetary allocations for the project; and</p> <p>(xviii) Disseminate information related to the investment program and each project to the public and media.</p> <p>As executing agency for projects, with the support of the regional project management units, will:</p> <ul style="list-style-type: none"> <li>(i) Assist ULBs and project PIUs in: <ul style="list-style-type: none"> <li>(a) Passing the necessary resolutions;</li> <li>(b) Preparing feasibility studies and detailed engineering designs;</li> <li>(c) Procuring and evaluating services, works and goods under the program;</li> <li>(d) Obtaining right of way clearances with related State and National agencies;</li> <li>(e) Implementing safeguards requirements in compliance with ADB's policies; and</li> <li>(f) Managing contracts awarded under the program and recommending payments.</li> </ul> </li> <li>(ii) In respect of safeguards: <ul style="list-style-type: none"> <li>(a) Guide PMDCSC in preparing and updating safeguards documents and review (resettlement plans, TPPs and IEEs/ EMPs);</li> <li>(b) Recruit, support and monitor the work of CAPRR with assistance from PMDCSC;</li> <li>(c) Consolidate, prepare and submit semiannual safeguards monitoring reports for all project components to CPMU;</li> <li>(d) Support ULB/ PIUs establish project GRM, assist and provide guidance, and maintain records on submitted complaints and resolution status; and</li> <li>(e) KUIDFC will also ensure that the dedicated safeguard specialist will be engaged to work with the CPMU/ RPMU throughout the investment program period.</li> </ul> </li> <li>(iii) Plan, implement, and monitor: <ul style="list-style-type: none"> <li>(a) Project-level monitoring;</li> <li>(b) Public relations activities;</li> <li>(c) Gender mainstreaming initiatives; and</li> <li>(d) Community participation activities.</li> </ul> </li> </ul> <p>As implementing agency will:</p> <ul style="list-style-type: none"> <li>(i) Manage the implementation of UIF, following appropriate rules and regulations of UIF guidelines;</li> <li>(ii) Promote UIF, continue the evaluation of applications and selection of towns eligible for funding;</li> <li>(iii) Assist ULBs in preparing applications for the UIF, review and monitor the implementation of activities as per agreement;</li> </ul>

Project Implementation Organization	Roles and Responsibilities
	<ul style="list-style-type: none"> <li>(iv) In close consultation with other State agencies and civil society, KUIDFC will coordinate the formulation of a draft State Guidelines to manage stand posts developed;</li> <li>(v) For single (or multiple) water ULB schemes, assist ULBs in preparing, tendering and managing performance-based-management contracts;</li> <li>(vi) In consultation with UDD, ULBs and KMDS, roll out IT modules to improve service delivery efficiency and making the functioning of ULB's water operation demand based, client oriented and transparent;</li> <li>(vii) Seek means to promote new and more efficient treatment and reuse technologies with lower losses applied, through training, study tours, etc.;</li> <li>(viii) Implement strategic communication campaigns to promote community understanding of (a) water-sanitation-health nexus, (b) volumetric tariffs, and (iii) stand post management, metering and progressive phase out;</li> <li>(ix) Formulate Business and Financial Strategy/ Plans for KUIDFC, including capital adequacy, asset quality, liquidity, and profitability programs;</li> <li>(x) Draft credit and risk management policies, operating systems, and procedures;</li> <li>(xi) Develop corporate and financial governance and management systems and a new organization structure position to undertake financing intermediation;</li> <li>(xii) Develop procedures to assess and monitor the economic, social, and environmental impact of subprojects and staff capacity reevaluated and approved;</li> <li>(xiii) Review human resources and determine whether this match the project assessment and management and financial transaction demands; and</li> <li>(xiv) Prepare transition and change management plans.</li> </ul>
ULBs	<p>ULBs, with the support of KUIDFC and the PIUs, will:</p> <ul style="list-style-type: none"> <li>(i) Apply and implement funds received from the UIF in accordance with the agreed activities to improve water resource planning, monitoring and use;</li> <li>(ii) Implement key institutional reform measures and roll out IT modules for water and waste water operation;</li> <li>(iii) Implement approved subprojects for rehabilitation and upgrading of inefficient water supply systems and rehabilitation of sewerage conveyance system, including: <ul style="list-style-type: none"> <li>(a) The approval of the necessary resolutions;</li> <li>(b) Preparing feasibility studies and detailed engineering designs;</li> <li>(c) Procuring and evaluating services, works and goods under the program;</li> <li>(d) Obtaining right of way clearances with related State and National agencies;</li> <li>(e) Implementing EMPs and resettlement plans (and TPPs if any) in compliance with ADB's policies;</li> <li>(f) Managing contracts awarded under the subprojects;</li> </ul> </li> <li>(iv) Carry out subproject procurement process;</li> <li>(v) Publish and formally disclose the project cutoff date to the affected people and communities upon finalization of DMS for updating the required resettlement plans;</li> <li>(vi) Assist PMDCSCs prepare and update the safeguards documents;</li> <li>(vii) Supporting and submit to RPMU monthly safeguards progress report, with complaint-grievances status included, for the preparation of semiannual safeguards monitoring report; and</li> <li>(viii) Acting as focal point, with support from RPMU, for the implementation of GRM and complaint resolutions.</li> </ul>

Project Implementation Organization	Roles and Responsibilities
<b>KMDS</b>	<p>As implementing agency for Output 2 (a) will:</p> <ul style="list-style-type: none"> <li>(i) Develop ULB information technology-based modules for volumetric tariff setting, ring fencing of water supply operation account of ULBs, water accounting, monitoring of key performance indicators, effluent discharge (new) and improved MIS and Asset Management;</li> <li>(ii) Roll out the new/upgraded information technology modules in selected ULBs; and</li> <li>(iii) Train ULBs on the new/upgraded information technology modules and provide support.</li> </ul>

ADB = Asian Development Bank, CAPP = community awareness and participation plan, CAPRRC = community awareness, participation, resettlement and rehabilitation, CPMU = central project management unit, DEA = Department of Economic Affairs, DMS = detail measurement survey, EMP = environmental management plan, GESI = gender equality and social inclusion, GRM = grievance redress mechanism, IEE = initial environmental examination; IWRM = Integrated Water Resources Management, KMDS = Karnataka Municipal Data Society, KUIDFC = Karnataka Urban Infrastructure Development and Finance Corporation, KUWSDB = Karnataka Urban Water Supply and Drainage Board, M&UDA = Municipalities and Urban Development Authorities, MIS = management information system, NGO = nongovernment organization, O&M = operation and maintenance, PIU = project implementation unit, PMDCSC = project management, design and construction supervision consultant, PMU = project management unit, PPMS = project performance management system, PPP = private-public partnership, SPS = Safeguards Policy Statement, SPV = special purpose vehicle, TPP = tribal people planning, UDD = Urban Development Department, UIF = ULB incentive fund, ULB = urban local body.

## B. Key Persons Involved in Implementation

### Executing Agency

Karnataka Urban Infrastructure  
Development and Finance  
Corporation

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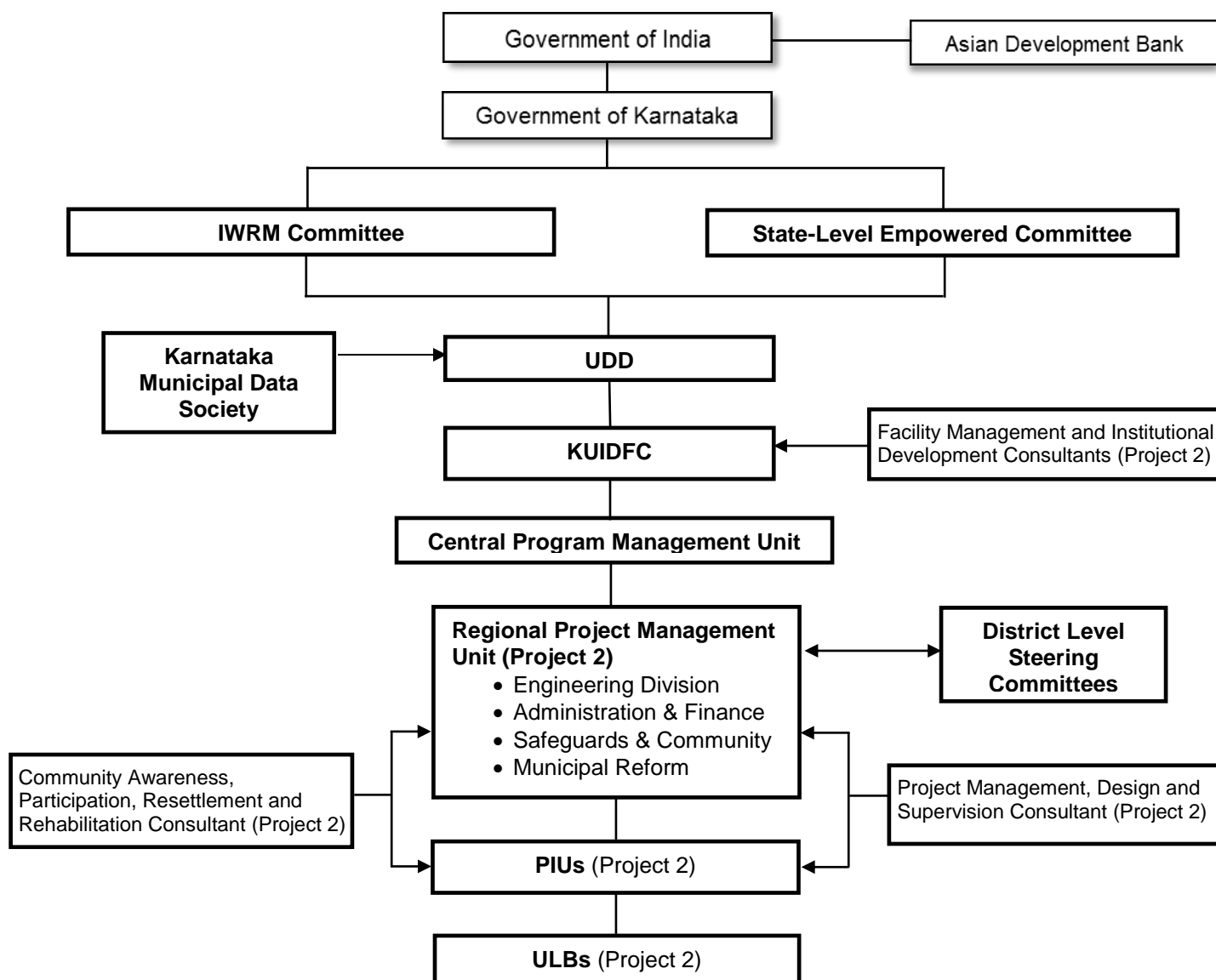
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## C. Project Organization Structure

**Figure 1: Project Implementation Arrangement**



IWRM = Integrated Water Resources Management, KUIDFC = Karnataka Urban Infrastructure Development and Finance Corporation, PIU =project implementation unit, UDD = Urban Development Department, ULBs =urban local bodies.

## IV. COSTS AND FINANCING

6. Project 2 is estimated to cost \$109.8 million,<sup>4</sup> and its investment plan is shown in Table 4. The Government of India submitted a periodic financing request for a loan of \$75 million from ADB's ordinary capital resources to help finance Project 2. The loan will have a 25-year term, including a grace period of 5 years, an annual interest rate determined in accordance with ADB's London interbank offered rate-based lending facility, a commitment charge of 0.15% per year,

<sup>4</sup> The cost estimates have been prepared by the PMU based on subproject appraisal reports.

and such other terms and conditions as set forth in the loan and project agreements. Based on the straight-line repayment method, the average maturity of the loan is 15.25 years, and the annual maturity premium payable to ADB is 0.10%.

**Table 4: Project 2 Investment Plan (\$ million)**

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Urban water supply and sanitation infrastructure expanded and upgraded	84.1
2. Water resource planning, monitoring, and service delivery of ULBs improved	5.2
3. Institutional capacity of executing agency and ULBs strengthened	4.2
<b>Subtotal (A)</b>	<b>93.5</b>
<b>B. Contingencies<sup>c</sup></b>	<b>9.3</b>
<b>C. Financing Charges<sup>d</sup></b>	<b>7.0</b>
<b>Total (A+B+C)</b>	<b>109.8</b>

ULBs = urban local bodies.

<sup>a</sup> In early-2018 prices. Exchange rate of \$1 = ₹65.0 is used.

<sup>b</sup> Includes taxes and duties of \$9.8 million to be financed from government resources by cash contribution but excludes any tender premium.

<sup>c</sup> Physical contingencies are computed at 5.0% for civil works and equipment. Price contingencies are computed at an average of 1.5%–1.6% on foreign exchange costs and 4.5%–4.6% on local currency costs and include provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest and commitment charges. Interest during construction for the ADB loan has been computed at the 5-year US dollar fixed-swap rate plus a spread of 0.5% and a maturity premium of 0.1%. Commitment charges for the ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank estimates.

7. The Government of Karnataka will provide \$34.8 million to the investment costs of the project to finance (i) taxes and duties, (ii) land acquisition and resettlement, (iii) project management and capacity development, (iv) incremental recurrent costs, (v) financing charges during implementation, (vi) part of the civil works and equipment, and (vii) part of contingencies, and will provide the loan and counterpart funds to the implementing agencies. The government has assured that it will meet any financing shortfall to ensure that project outputs are fully achieved. The government has provided ADB with (i) reasons for its decision to borrow under ADB's London interbank offered rate-based lending facility based on the terms and conditions, and (ii) an undertaking that the choice was its own decision and not made based on any communication or advice from ADB. The summary financing plan for the project is in Table 5.

**Table 5: Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary Capital Resources (regular loan)	75.0	68.3
Government	34.8	31.7
<b>Total</b>	<b>109.8</b>	<b>100.0</b>

Source: Asian Development Bank estimates.

8. ADB's climate finance of this project is tracked at \$10.3 million, which is captured for the project activities to enhance the climate resiliency in the project areas.

#### **A. Cost Estimates Preparation and Revisions**

9. The cost estimates have been prepared based on the detailed project reports prepared by KUIDFC and the project preparatory team, where available, or other relevant details of the subprojects. The cost estimate model was prepared using Microsoft Excel and is available to the project team and the PMU. The cost estimates will be updated during project implementation.

## B. Key Assumptions

10. The following key assumptions underpin the cost estimates and financing plan:

- (i) Exchange rate: ₹65= \$1 (as of February 2018).
- (ii) Price contingencies based on expected cumulative inflation over the implementation period are in Table 6.

**Table 6: Escalation Rates for Price Contingency Calculation**

Item	2018	2019	2020	2021	2022	2023	Average
Foreign rate of price inflation	1.5%	3.0%	4.5%	6.1%	7.7%	9.3%	5.4%
Domestic rate of price inflation	4.6%	9.1%	13.6%	18.1%	22.6%	27.1%	15.9%

Source: Asian Development Bank estimates.

- (iii) In-kind contributions cannot be easily measured and have not been quantified.

### C. Detailed Cost Estimates by Expenditure Category

**Table 7: Detailed Cost Estimates by Expenditure Category**  
(in \$ million)

Item	Foreign Exchange	Local Currency	Total Cost	Total Net Cost	Tax	% of Total Base Cost
<b>A. Investment Costs</b>						
1. Civil works and equipment	8.1	75.7	83.8	74.8	9.0	89.6%
2. Land acquisition and resettlement	-	0.3	0.3	0.3	-	0.3%
3. Project management and capacity development	-	8.4	8.4	7.6	0.8	9.0%
a. PMDCSC – Project 2 consultants	-	2.9	2.9	2.4	0.4	3.1%
b. PCARR consultant	-	1.0	1.0	0.8	0.2	1.1%
c. FMIDC consultant	-	1.2	1.2	1.0	0.2	1.2%
d. Capacity development	-	0.3	0.3	0.3	0.1	0.3%
e. Incentive fund for ULBs	-	3.0	3.0	3.0	-	3.2%
<b>Subtotal (A)</b>	<b>8.1</b>	<b>84.3</b>	<b>92.5</b>	<b>82.7</b>	<b>9.8</b>	<b>98.9%</b>
<b>B. Recurrent Costs</b>						
1. Incremental administrative costs	-	1.0	1.0	1.0	-	1.1%
<b>Subtotal (B)</b>	<b>-</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>-</b>	<b>1.1%</b>
<b>Total Base Cost</b>	<b>8.1</b>	<b>85.3</b>	<b>93.5</b>	<b>83.7</b>	<b>9.8</b>	<b>100.0%</b>
<b>C. Contingencies</b>						
1. Physical contingencies	0.4	3.8	4.2	4.2	-	4.5%
2. Price contingencies	0.4	4.7	5.1	5.1	-	5.4%
<b>Subtotal (C)</b>	<b>0.8</b>	<b>8.5</b>	<b>9.3</b>	<b>9.3</b>	<b>-</b>	<b>9.9%</b>
<b>D. Financial Charges During Implementation</b>						
1. Interest during construction	6.7	-	6.7	6.7	-	7.2%
2. Commitment charges	0.3	-	0.3	0.3	-	0.3%
<b>Subtotal (D)</b>	<b>7.0</b>	<b>-</b>	<b>7.0</b>	<b>7.0</b>	<b>-</b>	<b>7.5%</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>16.0</b>	<b>93.8</b>	<b>109.8</b>	<b>100.0</b>	<b>9.8</b>	<b>117.5%</b>

FMIDC = facility management and institutional development consultant, PCARR = public communication, awareness, resettlement and rehabilitation consultant, PMDCSC = project management, design, and construction supervision consultant, ULB = urban local body.

Notes: 1. Numbers may not sum precisely because of rounding.

2. The costs of the actual audits of the program are minor and will be borne by the government.

3. Minor environmental monitoring and implementation of resettlement plan and gender action plan cost are absorbed in B1. ADB will not finance land acquisition costs.

Source: Asian Development Bank estimates.

**D. Allocation and Withdrawal of Loan Proceeds**

**Table 8: Allocation and Withdrawal of Loan Proceeds**

<b>No.</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing (\$) Category</b>	<b>Basis for Withdrawal from the Loan Account</b>
1	Civil Works and Equipment	68,705,000	82.0% of total expenditure claimed
2	Unallocated	6,295,000	
	<b>Total</b>	<b>75,000,000</b>	

## E. Detailed Cost Estimates by Financier

**Table 9: Detailed Cost Estimates by Financier**  
(in \$ million)

Item	ADB		Government of Karnataka				Total Cost
	\$	%	Tax	Non-Tax	Total	%	
					\$		
<b>A. Investment Costs</b>							
1. Civil works and equipment	68.7	82.0%	9.0	6.1	15.1	18.0%	83.8
2. Land acquisition and resettlement	-	0.0%	-	0.3	0.3	100.0%	0.3
3. Project management and capacity development	-	0.0%	0.8	7.6	8.4	100.0%	8.4
a. PMDCSC – Project 2 consultants	-	0.0%	0.4	2.4	2.9	100.0%	2.9
b. PCARR consultant	-	0.0%	0.2	0.8	1.0	100.0%	1.0
c. FMIDC consultant	-	0.0%	0.2	1.0	1.2	100.0%	1.2
d. Capacity development	-	0.0%	0.1	0.3	0.3	100.0%	0.3
e. Incentive fund for ULBs	-	0.0%	-	3.0	3.0	100.0%	3.0
<b>Subtotal (A)</b>	<b>68.7</b>	<b>74.3%</b>	<b>9.8</b>	<b>14.0</b>	<b>23.8</b>	<b>25.7%</b>	<b>92.5</b>
<b>B. Recurrent Costs</b>							
1. Incremental administrative Costs	-	0.0%	-	1.0	1.0	100.0%	1.0
<b>Subtotal (B)</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>1.0</b>	<b>1.0</b>	<b>100.0%</b>	<b>1.0</b>
<b>Total Base Cost</b>	<b>68.7</b>	<b>73.5%</b>	<b>9.8</b>	<b>15.0</b>	<b>24.8</b>	<b>26.5%</b>	<b>93.5</b>
<b>C. Contingencies</b>							
1. Physical contingencies	2.8	67.8%	-	1.3	1.3	38.6%	4.2
2. Price contingencies	3.5	67.8%	-	1.6	1.6	38.6%	5.1
<b>Subtotal (C)</b>	<b>6.3</b>	<b>61.4%</b>	<b>-</b>	<b>3.0</b>	<b>3.0</b>	<b>38.6%</b>	<b>9.3</b>
<b>D. Financial Charges During Implementation</b>							
1. Interest during construction	-	0.0%	-	6.7	6.7	100.0%	6.7
2. Commitment charges	-	0.0%	-	0.3	0.3	100.0%	0.3
<b>Subtotal (D)</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>7.0</b>	<b>7.0</b>	<b>100.0%</b>	<b>7.0</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>75.0</b>	<b>68.3%</b>	<b>9.8</b>	<b>25.0</b>	<b>34.8</b>	<b>31.7%</b>	<b>109.8</b>

ADB = Asian Development Bank, FMIDC = facility management and institutional development consultant, PCARR = Public communication, awareness, resettlement and rehabilitation consultant, PMDCSC = project management, design, and construction supervision consultant, ULB = urban local body.

Notes: 1. Numbers may not sum precisely because of rounding.

2. The costs of the actual audits of the program are minor and will be borne by the government.

3. Minor environmental monitoring and implementation of resettlement plan and gender action plan cost are absorbed in B1. ADB will not finance land acquisition costs.

Source: Asian Development Bank estimates.

## F. Detailed Cost Estimates by Outputs and/or Components

**Table 10: Detailed Cost Estimates by Components**  
(in \$ million)

Item	Total Cost	Output 1 (Expanded and upgraded urban water supply and sanitation infrastructure)		Output 2 (Improved water resource planning, monitoring, and service delivery of ULBs improved)		Output 3 (Institutional capacity of executing agency and ULBs strengthened)	
		\$	%	\$	%	\$	%
<b>A. Investment Costs</b>							
1. Civil works and equipment	83.8	83.8	100.0%	-	0.0%	-	0.0%
2. Land acquisition and resettlement	0.3	0.3	100.0%	-	0.0%	-	0.0%
3. Project management and capacity development	8.4	-	0.0%	5.2	62.1%	3.2	37.9%
a. PMDCSC – Project 2 consultants	2.9	-	0.0%	-	0.0%	2.9	100.0%
b. PCARR consultant	1.0	-	0.0%	1.0	100.0%	-	0.0%
c. FMIDC consultant	1.2	-	0.0%	1.2	100.0%	-	0.0%
d. Capacity development	0.3	-	0.0%	-	0.0%	0.3	100.0%
e. Incentive fund for ULBs	3.0	-	0.0%	3.0	100.0%	-	0.0%
<b>Subtotal (A)</b>	<b>92.5</b>	<b>84.1</b>	<b>91.0%</b>	<b>5.2</b>	<b>5.6%</b>	<b>3.2</b>	<b>3.4%</b>
<b>B. Recurrent Costs</b>							
1. Incremental administrative costs	1.0	-	0.0%	-	0.0%	1.0	100.0%
<b>Subtotal (B)</b>	<b>1.0</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>1.0</b>	<b>100.0%</b>
<b>Total Base Cost</b>	<b>93.5</b>	<b>84.1</b>	<b>90.0%</b>	<b>5.2</b>	<b>5.6%</b>	<b>4.2</b>	<b>4.5%</b>
<b>C. Contingencies</b>							
1. Physical contingencies	4.2	4.2	100.0%	-	0.0%	-	0.0%
2. Price contingencies	5.1	4.6	90.4%	0.3	5.3%	0.2	4.3%
<b>Subtotal (C)</b>	<b>9.3</b>	<b>8.8</b>	<b>94.7%</b>	<b>0.3</b>	<b>2.9%</b>	<b>0.2</b>	<b>2.3%</b>
<b>D. Financial Charges During Implementation</b>							
1. Interest during construction	6.7	6.1	90.4%	0.4	5.3%	0.3	4.3%
2. Commitment charges	0.3	0.3	90.4%	0.1	5.3%	0.1	4.3%
<b>Subtotal (D)</b>	<b>7.0</b>	<b>6.4</b>	<b>90.4%</b>	<b>0.4</b>	<b>5.3%</b>	<b>0.3</b>	<b>4.3%</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>109.8</b>	<b>99.3</b>	<b>90.4%</b>	<b>5.8</b>	<b>5.3%</b>	<b>4.7</b>	<b>4.3%</b>

FMIDC = facility management and institutional development consultant, PCARR = public communication, awareness, resettlement and rehabilitation consultant, PMDCSC = project management, design, and construction supervision consultant, ULB = urban local body.

Notes: 1. Numbers may not sum precisely because of rounding.

2. The costs of the actual audits of the program are minor and will be borne by the government.

3. Minor environmental monitoring and implementation of resettlement plan and gender action plan cost are absorbed in B1. ADB will not finance land acquisition costs.

Source: Asian Development Bank estimates.

**G. Detailed Cost Estimates by Year****Table 11: Detailed Cost Estimates by Year**  
(in \$ million)

Item	Total Cost	2018	2019	2020	2021	2022	2023
<b>A. Investment Costs</b>							
1. Civil works and equipment	83.8	7.1	13.8	18.5	20.5	13.2	10.6
2. Land acquisition and resettlement	0.3	0.2	0.2	-	-	-	-
3. Project management and capacity development	8.4	0.4	0.9	1.3	2.5	2.6	0.6
a. PMDCSC – Project 2 consultants	2.9	0.3	0.5	0.5	0.5	0.5	0.4
b. PCARR consultant	1.0	0.1	0.2	0.2	0.2	0.2	0.1
c. FMIDC consultant	1.2	-	0.1	0.2	0.3	0.5	-
d. Capacity development	0.3	0.1	0.1	0.1	0.1	0.1	0.1
e. Incentive fund for ULBs	3.0	-	-	0.3	1.4	1.4	-
<b>Subtotal (A)</b>	<b>92.5</b>	<b>7.7</b>	<b>14.9</b>	<b>19.8</b>	<b>23.0</b>	<b>15.8</b>	<b>11.2</b>
<b>B. Recurrent Costs</b>							
1. Incremental administrative costs	1.0	0.1	0.2	0.2	0.2	0.2	0.1
<b>Subtotal (B)</b>	<b>1.0</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>
<b>Total Base Cost</b>	<b>93.5</b>	<b>7.8</b>	<b>15.1</b>	<b>20.0</b>	<b>23.2</b>	<b>16.0</b>	<b>11.4</b>
<b>C. Contingencies</b>							
1. Physical contingencies	4.2	0.4	0.7	0.9	1.0	0.7	0.5
2. Price contingencies	5.1	0.1	0.5	0.9	1.4	1.2	1.1
<b>Subtotal (C)</b>	<b>9.3</b>	<b>0.4</b>	<b>1.2</b>	<b>1.8</b>	<b>2.4</b>	<b>1.8</b>	<b>1.7</b>
<b>D. Financial Charges During Implementation</b>							
1. Interest during construction	6.7	0.1	0.4	0.8	1.4	1.9	2.2
2. Commitment charges	0.3	0.1	0.1	0.1	0.1	0.1	0.1
<b>Subtotal (D)</b>	<b>7.0</b>	<b>0.1</b>	<b>0.5</b>	<b>0.9</b>	<b>1.4</b>	<b>1.9</b>	<b>2.2</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>109.8</b>	<b>8.3</b>	<b>16.7</b>	<b>22.7</b>	<b>27.1</b>	<b>19.7</b>	<b>15.3</b>

FMIDC = facility management and institutional development consultant, PCARR = public communication, awareness, resettlement and rehabilitation consultant  
 PMDCSC = project management, design, and construction supervision consultant, ULB = urban local body.

Notes: 1. Numbers may not sum precisely because of rounding.

2. The costs of the actual audits of the program are minor and will be borne by the government.

3. Minor environmental monitoring and implementation of resettlement plan and gender action plan cost are absorbed in B1. ADB will not finance land acquisition costs.

Source: Asian Development Bank estimates.

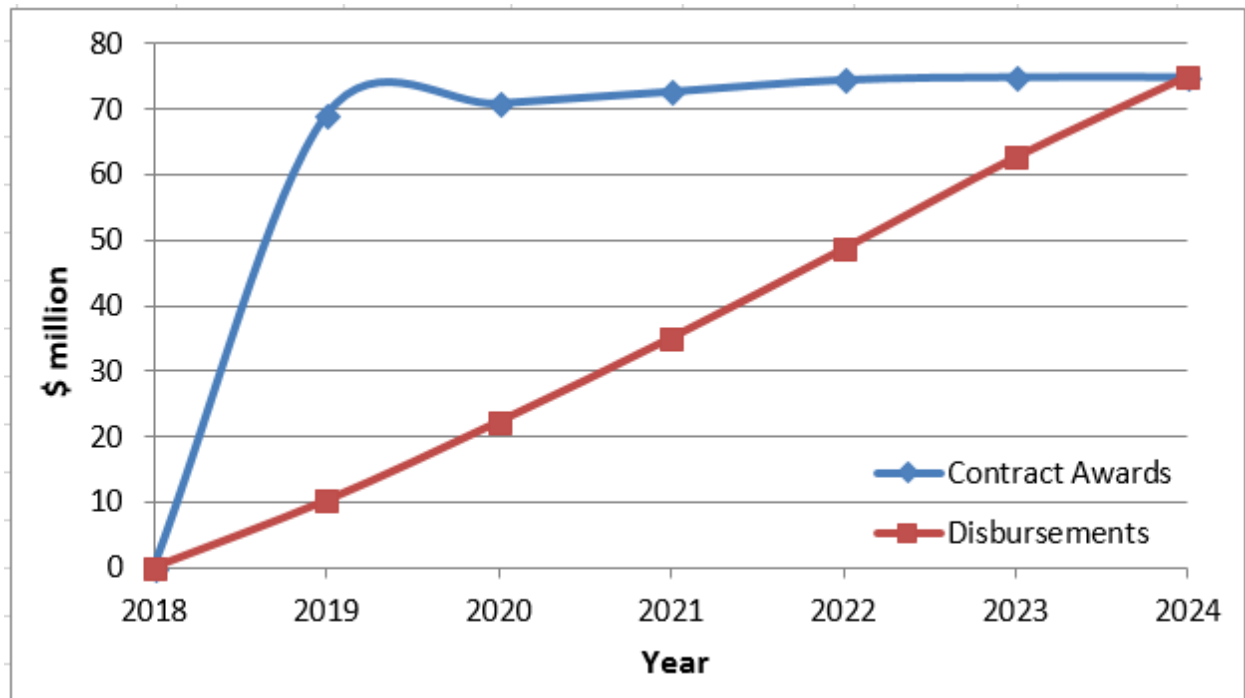


## H. Contract and Disbursement S-Curve

**Table 12: Projected Contract Awards and Disbursements**

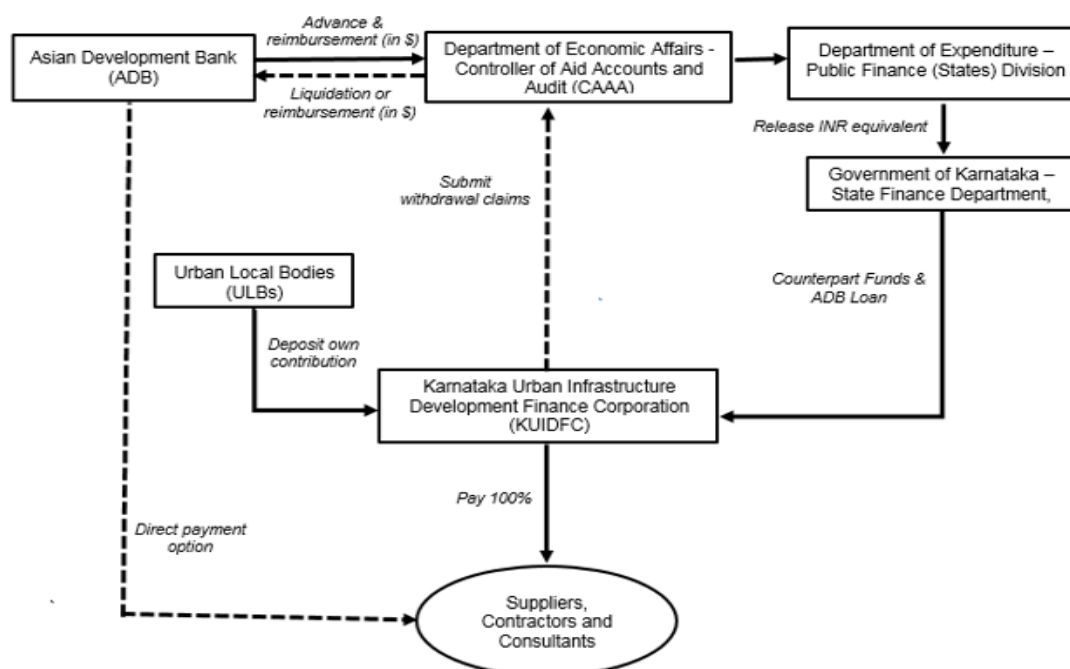
Year	Contract Awards (\$ million)				Disbursements (\$ million)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2018	-	-	0	0	-	-	0	0
2019	69.16	-	-	-	0	3.4	3.5	3.3
2020	-	0.6	0.6	0.6	3.0	3.0	3.0	3.0
2021	-	0.6	0.6	0.6	3.2	3.2	3.2	3.2
2022	-	0.6	0.6	0.6	3.7	3.9	4.1	4.5
2023	-	0.44	-	-	4.6	4.6	4.6	4.6
2024	-	-	-	-	5.4	-	-	-

**Figure 2: Contract Award and Disbursement S-Curve**



## I. Fund Flow Diagram

**Figure 3: Fund Flow Diagram**



\* Direct payment option will be used only for foreign currency, if required.

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

11. The financial management assessment (FMA) was conducted in accordance with the Guidelines for the Financial Management and Analysis of Projects (2005), the Financial Due diligence: A Methodology Note (2009), and the Financial Management Technical Guidance Note (2015) of ADB. The FMA considered the financial management capacity of the executing agency - the KUIDFC - and the implementing agencies - the four ULBs - for Project 2 of the KIUWMIP.

12. The KUIDFC is a public company wholly owned by the Government of Karnataka. As executing agency, the KUIDFC will be responsible for the overall management, supervision, and implementation of Project 2 through its: (i) central program management unit (CPMU) in Bangalore; (ii) the regional PMU (RPMU) in Mangalore; and (iii) PIUs based in project ULBs. The KUIDFC established the CPMU for Project 1, and the same arrangement will be followed for Project 2. The RPMU has been newly established in Mangalore for Project 2 to work closely with the PIUs and the project ULBs. The KUIDFC has already implemented a number of ADB and World Bank-funded projects. The KUIDFC has been implementing Project 1 at a satisfactory level in terms of getting project funds in a timely manner, including counterpart funds, efficient project management with adequate staff, submission of annual audited financial statements to ADB without delays, and timely fund disbursements to contractors and consultants.

13. The CPMU, RPMU, and PIUs are responsible for the project management, including but not limited to: (i) preparing an overall project implementation plan and detailed work program; (ii) providing overall monitoring and guidance on project implementation; (iii) monitoring and

supervising all management activities; (iv) preparing periodic project progress and project completion reports; (v) financial planning and budgeting, including contract awards and disbursements; and (vi) ensuring full compliance with ADB's resettlement, environmental, and other safeguard policies. The project ULBs with the support of KUIDFC and PIUs will: (i) implement approved subprojects on water supply and sewerage, (ii) carry out subproject procurement process, and (iii) assist in preparation and update of safeguard documents.

14. The Government of Karnataka will provide both the ADB loan and the counterpart funds for Project 2 to KUIDFC through budgetary provisions. The ULBs' contribution will also be transferred to KUIDFC. The KUIDFC will be responsible for spending the project funds received from Government of Karnataka and ULBs. CPMU will make payments to contractors and consultants.

15. The FMA evaluated the risks associated with the financial arrangements of Project 2. ADB's principal concern is to ensure that project funds are used economically and efficiently for the purpose intended. In support of this, the FMA seeks assurance that the financial management system of executing agency and implementing agencies can report on the source and use of the project funds. The FMA focused mainly on fund flows, organization and staffing, accounting policies and procedures, internal controls, financial reporting and monitoring, internal and external audit, and information systems. The FMA also drew upon lessons learned during the implementation of the ongoing Project 1 and results from FMA questionnaires completed by executing agency and implementing agencies.

16. The major risk factors identified during the assessment that need to be addressed include:

- (i) insufficient knowledge to ADB procedures of newly assigned staff in CPMU, RPMU, PIUs, and project ULBs may cause delays in day-to-day financial management;
- (ii) understaffing of PIUs and project ULBs may delay the timely and effective implementation of Project 2; and
- (iii) the delay of internal and external audit of project ULBs may hamper the timely identification of issues.

17. Despite the highlighted risks, the financial management arrangements are satisfactory taking the proposed and ongoing actions of executing agency and implementing agencies into consideration.<sup>5</sup> In addition, the project management design construction supervision consultants (PMDSCS) and facility management institution development consultants (FMIDC) proposed to be recruited for Project 2 will support executing agency and implementing agencies in enhancing their operational and financial management capacity. The overall risk assessment for the proposed financing is "Moderate", considering sufficient experience handling externally funded projects of executing agency and implementing agencies and implementation arrangement for Project 2 established by KUIDFC. The action plan for mitigating the foreseen risks includes the following measures:

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<sup>5</sup> Government of Karnataka will implement an urban local body incentive fund (UIF) to help project ULBs enhance their revenue base. UIF will provide incentives for ULBs to address the reform actions such as adopting volumetric water tariffs, implementing periodic tariff revisions, and increasing water tariff collection efficiencies. Project ULBs will also take the efficiency improvement reform measures through ring-fencing of ULB waste account, 100% household metering, use of treated waste water, and use of IT based billing. Furthermore, water supply sub-projects of this project will adopt performance-based construct and operate contract modality. The contractors will work to meet a number of performance targets including water loss reduction.

**Table 13: Financial Management Action Plan**

Area	Current scenario	Risk	Mitigation measures	Target Date
Training new staff	CPMU, RPMU, PIUs and project ULBs will appoint or recruit new staff required for Project 2.	New staff may have insufficient knowledge of ADB procedures, which may cause delays in the day-to-day financial management.	Extending sufficient training and capacity building support with the help of the FMIDC to enhance the financial management capacity of CPMU, RPMU, PIUs, and project ULBs.	From September 2018
Full staffing of dedicated PIUs and project ULBs	PIUs and project ULBs have not been fully staffed yet.	Understaffing of PIUs and project ULBs may delay the timely and effective implementation of Project 2.	Commitment of Government of Karnataka and KUIDFC to ensure the full staffing of PIUs and project ULBs in a timely manner.	September 2018
Internal and external audit of project ULBs	There have been delays in conducting internal and external audits of project ULBs.	This may hamper the timely identification of issues.	Commitment of Government of Karnataka and project ULBs to ensure that internal and external audits are done on annual basis.	September 2018

ADB = Asian Development Bank, CPMU = central project management unit, FMIDC = facility management institution development consultants, KUIDFC = Karnataka Urban Infrastructure Development Finance Corporation, PIU = project implementation unit, RPMU = regional project implementation unit, ULB = urban local body.

18. The FMA has considered two types of risks: (i) inherent risks, i.e. risks outside the direct control of executing agency and implementing agencies, and (ii) control risks, i.e. risks concerning the internal functioning and control of executing agency and implementing agencies. The key risks have been identified and presented in Table 14.

**Table 14: Financial Management Inherent and Control Risk Assessment**

Risk Type	Risk Assessment	Proposed Mitigation Measures
<b>A. Inherent Risk</b>		
1. Country-specific risks (India)	<p><b>Low</b></p> <ul style="list-style-type: none"> <li>The financial management capacity and auditing standards in India are sound.</li> <li>India has a strong accounting profession, although the accounting is done on a cash basis in most levels of the government.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
2. Entity-specific risks (Government of Karnataka)	<p><b>Low</b></p> <ul style="list-style-type: none"> <li>There are strong institutional mechanisms and legislative frameworks for budgeting, accounting, and audit in a time-bound manner.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
3. Project-specific risks	<p><b>Low</b></p> <ul style="list-style-type: none"> <li>Project 2 aims to improve water supply and sanitation services in project ULBs. The specific risks do not exist in the project financial management.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>

Risk Type	Risk Assessment	Proposed Mitigation Measures
	<ul style="list-style-type: none"> <li>In addition, lessons from the on-going Projects 1 will be incorporated. And, the PMU for the on-going Project 1 will continue to implement Project 2.</li> </ul>	
<b>Overall Inherent Risk</b>	<p style="text-align: center;"><b>Low</b></p> <p>Government of India and Government of Karnataka have satisfactory financial management capacity and knowledge of ADB disbursement procedures; they also have adequate financial management arrangements in place, including sound internal controls and mechanisms for budgeting, financial reporting, and internal and external auditing. Project 2 will be implemented by the existing PMU based on lessons from the ongoing Project 1.</p>	
<b>B. Control Risk – Executing Agency (KUIDFC, CPMU, RPMU, and PIUs)</b>		
1. Implementing Agency	<p style="text-align: center;"><b>Low</b></p> <ul style="list-style-type: none"> <li>KUIDFC will be responsible for the implementation of Project 2.</li> <li>KUIDFC has implemented a number of projects externally funded by ABD, World Bank, KfW, and JICA, including Project 1 funded by ADB.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
2. Flow of Funds and Budget Allocation	<p style="text-align: center;"><b>Low</b></p> <ul style="list-style-type: none"> <li>Government of Karnataka will allocate ADB loans and its counterpart funds to KUIDFC using the established budgetary mechanism.</li> <li>ULBs will allocate their contribution to KUIDFC through their budgetary mechanism.</li> <li>KUIDFC and its CPMU will manage and disburse the project funds.</li> <li>Funds flow for Project 2 of the program will be same as for Project 1.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
3. Staffing	<p style="text-align: center;"><b>Low (KUIDFC)</b></p> <ul style="list-style-type: none"> <li>KUIDFC accounts section is adequately staffed with competent and experienced personnel.</li> </ul> <p style="text-align: center;"><b>Moderate (CPMU and RPMU)</b></p> <ul style="list-style-type: none"> <li>CPMU was established for Project 1 and will also implement Project 2. However, there are a few new staff in CPMU.</li> <li>RPMU in Mangalore was already established and is in the process of being fully staffed for Project 2. Several staff are new. Two positions are yet to be filled.</li> </ul> <p style="text-align: center;"><b>Moderate (PIUs)</b></p> <ul style="list-style-type: none"> <li>PIUs in the four project ULBs are established, but not fully staffed yet. Thirteen positions are yet to be filled.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> <li>Extending full training and capacity building support are required for the newly assigned staff of CPMU and RPMU.</li> <li>Government of Karnataka and KUIDFC need to ensure the full staffing of PIUs in a timely manner.</li> </ul>
4. Accounting Policies & Procedures	<p style="text-align: center;"><b>Low</b></p> <ul style="list-style-type: none"> <li>KUIDFC follows established policies and procedures. KUIDFC uses Indian</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>

Risk Type	Risk Assessment	Proposed Mitigation Measures
	accounting standards as laid down by ICAI. • CPMU will prepare separate annual project financial statements for Project 2 as is being done for Project 1.	
5. Internal Audit	<b>Low</b> • KUIDFC's internal audit is outsourced to an independent firm of chartered accountants. • Like Project 1, Project 2 will also be covered in the internal audit process of KUIDFC.	• Not applicable
6. External Audit	<b>Low (KUIDFC)</b> • The annual financial statements of KUIDFC are audited by an independent firm of chartered accountants appointed by C&AG of India. There have been no delays in the preparation and submission of annual audited financial statements of Project 1.  <b>Low (CPMU, RPMU, and PIUs)</b> • As for Project 1, CPMU will prepare separate project annual financial statements for Project 2 using the existing guidelines applicable for all externally funded projects in India. • KUIDFC's statutory auditor will also audit and report on the annual financial statements of Project 2.	• Not applicable   • Not applicable  • Not applicable
7. Reporting and Monitoring	<b>Low (KUIDFC)</b> • KUIDFC maintains a compliant management information system as required under reporting and monitoring rules. • KUIDFC's accounting and audit information are available on the public domain as necessary under the disclosure requirements.  <b>Low (CPMU, RPMU, and PIUs)</b> • CPMU will prepare quarterly and annual progress reports for reporting financial and physical progress of Project 2. • Proper project monitoring systems, as is being maintained for Project 1, will be applied to Project 2.	• Not applicable   • Not applicable
8. Information Systems	<b>Low (KUIDFC)</b> • An automated financial information system is in place. Information generated from this system is used for preparing the required reports.  <b>Low (CPMU, RPMU, and PIUs)</b>	• Not applicable  • Not applicable

Risk Type	Risk Assessment	Proposed Mitigation Measures
	<ul style="list-style-type: none"><li>As in the case of Project 1, CPMU will install the necessary systems for recording and reporting of project activities for Project 2.</li><li>The financial reporting system will have links with the financial information systems of individual projects.</li></ul>	
<b>Overall Control Risk</b>	<b>Moderate</b> Some financial management risks are recognized, but some are not substantial. Qualified and experienced consultants will provide training on ADB procedures and capacity development of the staff of CPMU, RPMU, and PIUs.	
<b>C. Control Risk Implementing Agencies (Project ULBs)</b>		
1. Implementing Entity	<b>Low</b> <ul style="list-style-type: none"><li>Project ULBs have experience implementing ADB-funded projects and are currently managing the assets created under the Karnataka Urban Development and Coastal Environment Management Project, which is funded by ADB.</li></ul>	<ul style="list-style-type: none"><li>Not applicable</li></ul>
2. Flow of Funds and Budget Allocation	<b>Low</b> <ul style="list-style-type: none"><li>ULBs will allocate their contribution to CPMU through their budgetary allocation mechanism.</li><li>CPMU will manage and disburse the project funds.</li><li>Funds flow for Project 2 will be same as for Project 1.</li></ul>	<ul style="list-style-type: none"><li>Not applicable</li></ul>
3. Staffing	<b>Moderate</b> <ul style="list-style-type: none"><li>There is one vacant position of accounts officer in Mangalore.</li><li>Project ULBs have indicated the need for one additional accounts assistant for Project 2.</li></ul>	<ul style="list-style-type: none"><li>Government of Karnataka and project ULBs need to ensure filling up of vacancies and appointing one additional accounts assistant.</li></ul>
4. Accounting Policies & Procedures	<b>Low</b> <ul style="list-style-type: none"><li>All four ULBs have established FBAS, a computerized accounting software developed by KMDS. FBAS is accrual-based and well documented.</li></ul>	<ul style="list-style-type: none"><li>Not applicable</li></ul>
5. Internal Audit	<b>Moderate</b> <ul style="list-style-type: none"><li>Project ULBs do not have in-house internal audit function. Internal audit is conducted by the Local Audit Circle of the State Accounts and Audit Department of Government of Karnataka.</li><li>There are some delays in the internal audits. In Mangalore, internal audits are done up to 2012, in Udupi up to 2014, in Puttur up to 2015, and in Kundapura up to 2016.</li></ul>	<ul style="list-style-type: none"><li>Government of Karnataka and project ULBs should ensure that an annual internal audit is carried out.</li></ul>

Risk Type	Risk Assessment	Proposed Mitigation Measures
6. External Audit	<p><b>Moderate</b></p> <ul style="list-style-type: none"> <li>An independent firm of chartered accountants conducts the external statutory audit of the annual financial statements of all four ULBs. In Kundapura and Udupi the external audit is completed up to 2017. In Mangalore and Puttur, the audit is ongoing for the 2017 financial statements.</li> <li>The C&amp;AG, the supreme audit institution, also conducts audits of ULBs' accounts. The C&amp;AG audits are done up to 2014 in Kundapura, 2015 in Mangalore, and 2016 in both Puttur and Udupi.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> <li>Government of Karnataka and project ULBs need to ensure that external audits are carried out annually.</li> </ul>
7. Reporting and Monitoring	<p><b>Low</b></p> <ul style="list-style-type: none"> <li>Project ULBs have adopted FBAS system developed by KMDS. Financial reports are prepared using information generated under the system.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
8. Information systems	<p><b>Low</b></p> <ul style="list-style-type: none"> <li>An automated financial information system is in place. Information generated from this system is used for preparing required reports.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
<b>Overall Control Risk</b>	<p><b>Moderate</b></p> <p>Some financial management risks are recognized, but some are not substantial. Understaffing of PIUs and project ULBs may delay the timely and effective implementation of Project 2.</p>	

ADB = Asian Development Bank, CPMU = central program management unit, C&AG = Comptroller and Auditor General of India, FBAS = Fund-Based Accounting System, FMIDC = Facility Management Institutional Development Consultant, ICAI = Institute of Chartered Accountants of India, JICA = Japan International Cooperation Agency, KMDS = Karnataka Municipal Data Society, KUIDFC = Karnataka Urban Infrastructure Development Finance Corporation, O&M = operation and maintenance, PIU = project implementing unit, PMDCSC = program management and design construction supervision consultant, PMU = project management unit, RPMU = regional project management unit, ULB = urban local body.

## B. Disbursement

### 1. Disbursement Arrangements for ADB

19. The loan proceeds will be disbursed in accordance with the ADB's *Loan Disbursement Handbook* (2017, as amended from time to time), and detailed arrangements agreed upon between the government and the ADB. The PMU will be responsible for: (i) preparing annual contract awards and disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, and (iv) preparing and sending withdrawal applications to the ADB through the Treasury, Ministry of Finance. Online training for project staff on disbursement policies and procedures is available.<sup>6</sup> Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

20. **Advance fund procedure.** An advance account should be established and maintained by the Controller of Aid, Accounts and Audit (CAAA) for the ADB loan. The currency of the

<sup>6</sup> Disbursement eLearning. [http://wpqr4.adb.org/disbursement\\_elearning](http://wpqr4.adb.org/disbursement_elearning)



advance account is the United States dollar. The advance account is to be used exclusively for the ADB's share of eligible expenditures. The CAAA, who established the advance account in its name, is accountable and responsible for proper use of advances to the advance account. The sub-account in INR will be maintained by the PMU receiving the INR from CAAA/ Government of Karnataka.

21. The total outstanding advance to the advance account should not exceed the estimate of ADB's share of expenditures to be paid through the advance account for the forthcoming 6 months. The KUIDFC may request via CAAA for initial and additional advances to the advance account based on an Estimate of Expenditure Sheet<sup>7</sup> setting out the estimated expenditures to be financed through the account for the forthcoming 6 months. Supporting documents should be submitted to ADB or retained by the PMU in accordance with the ADB's *Loan Disbursement Handbook* (2017, as amended from time to time) when liquidating or replenishing the advance account.

22. **Statement of expenditure procedure.**<sup>8</sup> The statement of expenditure (SOE) procedure will be adopted for reimbursement of eligible expenditures not exceeding \$100,000 per individual payment. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review mission, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

## 2. Disbursement Arrangements for Counterpart Fund

23. Counterpart funds will be provided by the KUIDFC from its annual budgets, which in turn will be based on the amounts provided for the investment program in the budget of Government of Karnataka. The PMU will be responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents, and (iv) preparing claims and sending withdrawal applications to ADB through Treasury, Ministry of Finance. Taxes and duties will be borne by the counterpart by way of cash contribution.

### C. Accounting

24. The PMU will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project. Project accounts will follow generally accepted accounting principles followed in the government and the accounting standards followed by the government and Government of Karnataka. Template financial statements provided in the standardized terms of reference for audit of ADB assisted projects, agreed with the Comptroller and Auditor General (C&AG), the Department of Economic Affairs (DEA), and ADB can be referred to as a guide for preparing financial statements.

### D. Auditing and Public Disclosure

25. The KUIDFC will cause the detailed project financial statements to be audited in accordance with the government's audit regulations, by the C&AG or any private external auditor

<sup>7</sup> ADB. 2017. *Loan Disbursement Handbook*. 10B.

<sup>8</sup> SOE forms are available in Appendix 9B and 9C of ADB's *Loan Disbursement Handbook* (2015, as amended from time to time).

empaneled and assigned to the audit by the C&AG, acceptable to ADB. The audited project financial statements together with the auditor's opinion will be presented in the English language to ADB within 6 months from the end of the fiscal year by the KUIDFC. The audited entity financial statements, together with the auditor's report and management letter, will be also submitted in the English language to ADB within 1 month after their approval by the relevant authority.

26. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether the investment project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the loan were used only for the purpose(s) of the project; and (iii) whether the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements (where applicable).

27. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

28. The government, the KUIDFC, and the PMU have been made aware of the ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.<sup>9</sup> ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

29. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by the ADB's Public Communications Policy 2011.<sup>10</sup> After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on the ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.<sup>11</sup>

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<sup>9</sup> ADB's approach and procedures regarding delayed submission of audited project financial statements:

- (i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed;
- (ii) When audited project financial statements are not received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions; and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months; and
- (iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend the loan.

<sup>10</sup> Public Communications Policy: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>.

<sup>11</sup> This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*. Paragraph 97(iv) and/or 97(v).

## VI. PROCUREMENT AND CONSULTING SERVICES

30. All procurement of goods, works and consulting and non-consulting services will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).

### A. Advance Contracting and Retroactive Financing

31. All advance contracting and retroactive financing will be undertaken in conformity with ADB's Procurement Guideline (2015, as amended from time to time). The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The borrower, executing, and implementing agencies have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance Project 2.

32. **Advance contracting.** "Advance contracting" refers to the process for procuring goods and related services and works, up to the stage of ADB's approval of the executing agency's recommendation for award of contract before the effective date of the loan agreement. Advance contracting under the project would be for (i) civil works, (ii) equipment and materials, and (iii) recruitment of consultants. Advance contracting that may be concluded in advance include: preparation of tender documents, tendering, bid evaluation and contract award.

33. **Retroactive financing.** "Retroactive financing" refers to ADB's financing of project expenditures incurred and paid by the borrower before loan effectiveness but not earlier than 12 months before the signing of the loan agreement. Retroactive financing under the project will apply to civil works including equipment and up to the equivalent of 20% of the loan amount.

34. For Project 2, KUIDFC's request for advance contracting for the preparation of bidding documents, tendering, bid evaluation and award of civil works packages and retroactive financing has already been approved.

### B. Procurement of Goods, Works, and Consulting Services

35. International competitive bidding (ICB) procedures will be used for civil works contracts estimated to cost \$40 million or more. Shopping will be used for contracts for procurement of works and equipment worth less than \$100,000.

36. National competitive bidding (NCB) procedures are adopted for all civil works contracts costing less than \$40 million. ADB and the government reviewed the public procurement laws of the central and state government including the Karnataka Transparency in Public Procurement Act 1999' (KTTP Act) and 'The Karnataka transparency in Public Procurement Rules 2000' (KTTP Rules), which are largely harmonized with Multilateral Development Banks (MDBs) Procurement Guidelines and ADB's Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time).

37. To assess the suitability of post procurement review using agency/ state procurement system, ADB conducted comprehensive assessment of KUIDFC's procurement systems and procedures in 2016.<sup>12</sup> The assessment rated KUIDFC capacity as low to moderate, considering KUIDFC past track record of managing ADB and World Bank projects, and recommended prior review of bid documents and evaluation reports by ADB, for the contract more than \$20 million.

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<sup>12</sup> *Assessment of State/ Agency Procurement Systems and Procedures*. Karnataka (India). June 2016.

38. Water supply packages will be procured as a performance-based construct and operate contract (PBCOC), which will include design validation, construction and operation and maintenance of 8 years. As highlighted above, KUIDFC has gained experience structuring and implementing such contracts under several ADB and World Bank projects. For Project 2, ADB has reviewed and approved the two types of standard bidding documents under NCB procedure, one for works contract (ad-measurement) for Mangalore Sewerage and other for PBCOC contracts for water supply packages.

39. Under project 2, an estimated 1975 person-months (all national) of consulting services are required to: (i) facilitate program, project management and implementation, and (ii) strengthen the institutional and operational capacity of the executing agency. Three major packages will be procured: (i) project management, design and construction supervision consultant (PMD&CSC-Part II); (ii) facility management and institutional development consultant (FMIDC-Project 2); and (iii) consultancy services for public communication, awareness, resettlement and rehabilitation consultant (PCARRC-Project 2). 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 terms of reference for consulting services to be financed under Project 2 are detailed in Appendix 3.

40. **eProcurement.** An eProcurement assessment consistent with ADB requirements, was conducted during the processing of the MFF. The assessment has concluded that Government of Karnataka's eProcurement systems, which is being used by KUIDFC, are appropriate and consistent with the Procurement Guidelines and with the principles of economy, efficiency, transparency, and award of contract to the lowest evaluated priced, substantially responsive bid. eProcurement may therefore be applied to the ICB, NCB, Limited International Bidding and Shopping modes of procurement. The use of eProcurement does not apply to recruitment of consultants. Considering the features of the eProcurement system in Karnataka, and to facilitate bidder's participation, particularly under international processes, it is requested that a Bid Securing Declaration be required instead of a Bid Security (as this process still requires a manual submission).

41. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting services contract packages and national competitive bidding guidelines is in Appendix 2. The procurement plan will be updated by the PMU for approval by ADB at least once a year (more frequently if necessary) and will cover the next 18 months of procurement activity. A delay in loan effectiveness, other start-up delays, and delays during implementation will require an unscheduled procurement plan update. ADB will review each updated procurement plan prior to its publication. When appropriate, this activity may be undertaken in the field by ADB missions working with the executing and implementing agencies.

## VII. SAFEGUARDS

### A. Environment Safeguards

42. **Screening and Categorization.** Similar to Project 1, Project 2 is classified as category B for environment safeguards per ADB SPS, 2009. Subprojects projected to have potentially

significant adverse environmental impacts (categorized as A) will not be considered for implementation under KIUWMIP.

**43. Environmental Assessment and Management Plans.** Initial environmental examinations (IEEs) with environmental management plans (EMPs) were prepared for the five subprojects in accordance with ADB's SPS (2009), and government laws. The IEEs included environmental compliance audit of existing facilities that will be rehabilitated or expanded under Project 2 and the due diligence of associated projects as defined in ADB SPS.<sup>13</sup> Any corrective actions are included in the IEEs and EMPs. The IEEs demonstrate Project 2 is likely to have only small-scale, temporary, and localized impacts on the environment<sup>14</sup> that can be readily mitigated and minimized by applying proven mitigation measures and environmentally-sound engineering and construction practices. The potential adverse environmental impacts can be easily avoided by environmentally sensitive site selection, project design and the other negative impacts are mainly related to the construction period which can be minimized by the mitigating measures and environmentally-sound engineering and construction practices. The stakeholders were involved in the development of the IEEs through meaningful consultations after which views expressed were incorporated in the IEEs and in the planning and development of the subprojects. The EMPs of each IEE outline specific mitigation measures, environmental monitoring requirements and related institutional arrangements, including budget requirements for implementation. The IEEs will form part of the bid and contract document. No works can commence until final IEEs<sup>15</sup> are approved by ADB, and if required, will be further updated for ADB's review during the implementation. In event of unanticipated impact including a design change during project implementation or in event of a noncompliance, the IEE will be updated to include corrective actions, associated cost and schedule. All IEEs (draft and final) will be disclosed on ADB and executing and implementing agencies websites.

**44. Environmental Assessment and Review Framework (EARF).** The EARF for KIUWMIP was prepared in 2014 in accordance with ADB SPS (2009), and applicable Government of India laws and regulations. The EARF prepared in 2014 has been updated to reflect recently notified government environmental regulations and to guide the environmental assessment subprojects/components that may be changed/identified after ADB loan approval. None of the original provisions of EARF have been relaxed or lowered.

**45. Environmental Audit.** For subprojects involving facilities that already exist or are under construction or proposed, environmental compliance audit has been conducted. The environmental audit included on-site assessment to identify past or present environmental concerns, whether actions were in accordance with ADB's safeguard principles and requirements for executing and implementing agencies, and identify and plan appropriate measures to address

<sup>13</sup> Bulk water supply system developments in Udupi and Mangalore are the associated facilities under separate government funding. Please see more about the associated facilities in Appendix 10 (IEE of Mangalore water supply system) and Appendix 13 (IEE of Udupi water supply system).

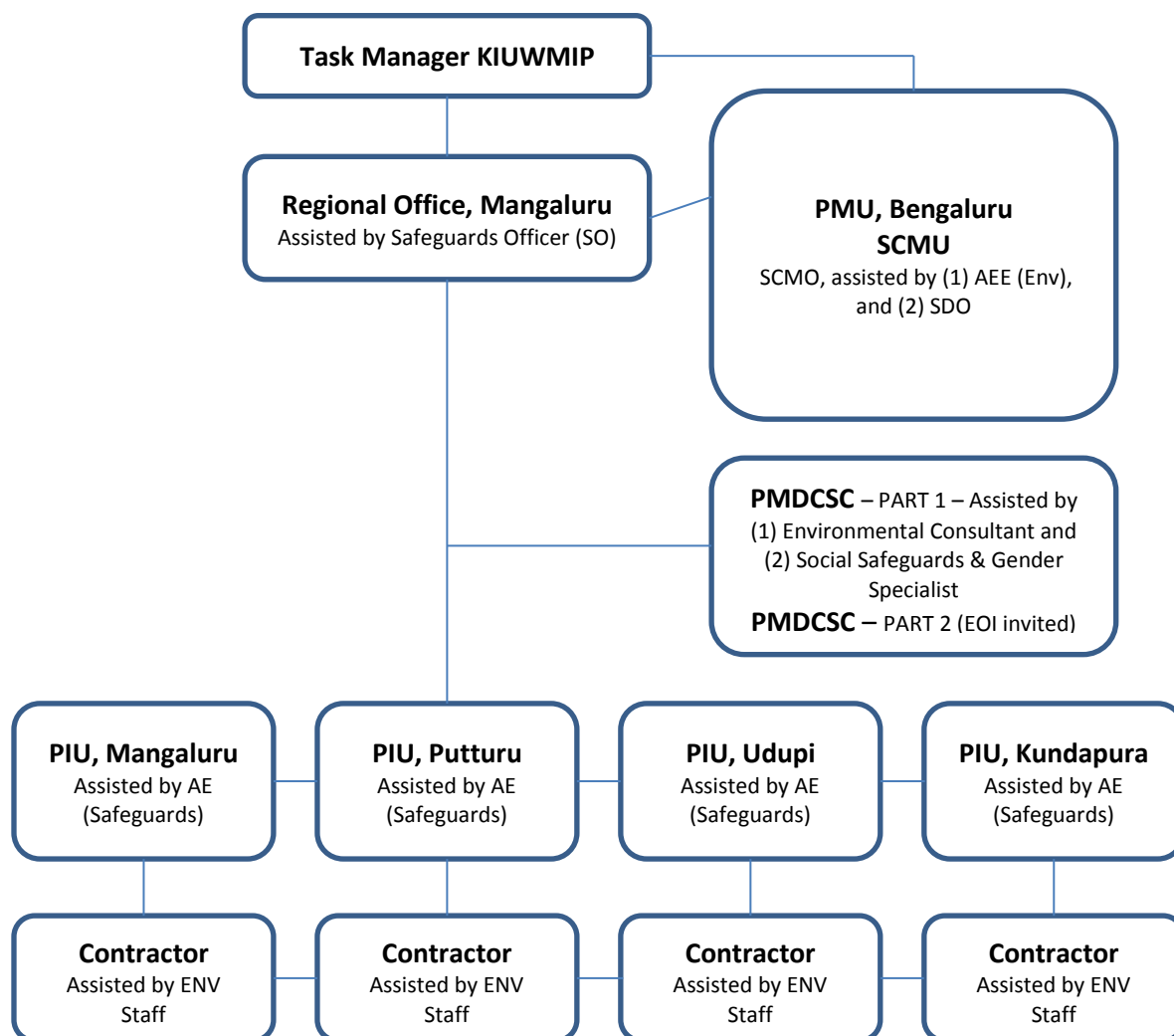
<sup>14</sup> For water supply subprojects, potential impacts during construction phase are due to the sites being in urban areas and nature of open cut method for pipelaying works, unavoidable impacts include (i) health and safety hazards to workers; (ii) noise and dust; (iii) increased road traffic due to interference of construction activities; and (iv) soil erosion/silt runoff from stockpiled materials and wastes. While during operations of water supply subprojects, increased sewage flow due to improved water supply is expected. For sewerage subprojects, during construction impacts mainly arise from (i) the need to make deep excavations in narrow roads to lay sewer mains; (ii) potentially hazardous working conditions for the workers; (iii) disposal of moderate quantity of waste soils; (iv) disturbance of residences, businesses and traffic. During operation and maintenance of improved sewerage network will require to be repaired from time to time for periodic maintenance but environmental impacts will be much less than those of the construction period as the works will not be frequent and affects small areas only.

<sup>15</sup> The final IEEs will include site-specific EMPs and monitoring program to be implemented by subproject contractors.

outstanding compliance issues. A corrective action plan in the IEEs has been agreed on by ADB, PMU and PIUs. The plan defined the necessary remedial actions, the budget for such actions, and the timeframe for resolution of non-compliance. The environmental audit report (including the corrective action plan, if any) will be made available to the public in accordance with the information disclosure requirements of ADB SPS. If a subproject involves an upgrade or expansion of existing facilities that has potential impacts on the environment, the requirements for environmental assessments and planning specified in the EARF will apply in addition to compliance audit.

46. **Safeguards Institutional Arrangements.** Described below are the institutional roles and responsibilities to ensure subprojects, in its project cycle, will not deteriorate or interfere with the environmental sensitivity of a project area but rather improve environmental quality through development of infrastructure facilities.

**Figure 4: Organogram of Safeguard Implementation for Project 2**



47. The existing institutional set-up of PMU, RPMU and PIUs, with integrated arrangements for safeguards implementation of Project 1, which has been functioning satisfactorily, will be continued and expanded to cover Project 2, with some modifications. A Safeguards Compliance

and Monitoring Unit (SCMU), established in the PMU directly under the KIUWMIP Task Manager (Project Director), will continue to have the overall responsibility of ensuring compliance with ADB SPS. SCMU is staffed with a Safeguards Compliance and Monitoring Officer (SCMO) with overall responsibility for environmental and social safeguards, and two safeguards specialists—Assistant Executive Engineer (AEE–Environment), and Social Development Officer (SDO), responsible respectively for environment and social safeguards. The SCMU will ensure that all subprojects comply with environmental safeguards. In each regional office in Mangalore and Davangere, a Safeguards Officer will assist in and coordinate safeguard tasks. For enhancing the monitoring role of environmental safeguards, KUIDFC will consider assigning environmental officers at the regional offices during implementation stage. In each PIU, an Assistant Engineer (safeguards) will coordinate the safeguards related tasks at PIU/town level. For Tranche 2, PIUs are established at Mangalore, Puttur, Udupi and Kundapura. A PMDCSC will assist PMU and PIUs in the implementation of the entire investment program including compliance with the EARF and resettlement framework. The PMDCSC is stationed in Mangalore with field teams in each of the PIUs. PMDCSC team includes an Environmental Specialist and a Social Safeguards and Gender Specialist to prepare, implement and monitor all safeguards activities and ensure safeguards compliance. At the civil works stage, contractors' staff will include Safeguards / Environment, Health and Safety (EHS) engineer to supervise and report on EMP implementation.

48. The responsibilities of the PMU Environment Safeguards officer (AEE–Environment) include the following:

- (i) Prepare the rapid environmental assessment (REA) checklist, to finalize the environmental impact assessment/ IEE and to disclose the approved environmental impact assessment/ IEE in the website;
- (ii) Ensure that Environmental Clearance, Consent to Establishment and Consent to Operate and other certificates, as required, are obtained in time from appropriate authorities and to ensure compliances with conditions imposed;
- (iii) Ensure incorporation of the EMP, environmental mitigation and monitoring measures into the contract documents;
- (iv) Monitor disclosure and public consultation arranged by the design and monitoring project management design and supervision consultant (PMDSC) during IEE process and to ensure that comments are reflected in the IEE report;
- (v) Ensure disclosure of information throughout the duration of the subproject through suitable visual means and publications;
- (vi) Provide necessary input for grievance redress;
- (vii) Approve contractor's proposed locations for construction work camps, storage areas, hauling roads, lay-down areas, and disposal areas for solid and hazardous wastes on recommendations of DMSC;
- (viii) Guide the Contractor for drawing up of site environmental management plan and to approve the same;
- (ix) Induct the Contractor for taking up the construction following environmental and social safeguards;
- (x) Facilitate scheduled monitoring during implementation of the project;
- (xi) Carry out regular onsite monitoring and guide the Contractor to adopt the required site management standards;
- (xii) Ensure the required health and safety measures at work sites;
- (xiii) Obtain in time and to review the monthly monitoring report of the Contractors;
- (xiv) Prepare semi-annual environmental monitoring report (SEMR), including the status of project compliance, statutory clearances and relevant loan covenants, and submit the approved 6-monthly report to ADB and seek permission to disclose the same in the investment program website; and

- (xv) Prepare monitoring report on post-construction activities by the contractors as specified in the EMP.
49. The responsibilities of PMDCSC Environment Specialist include:
- (i) Overall assistance and guidance to PMUs and PIUs on safeguard related tasks to ensure compliance with EARF, ADB SPS (2009), and government regulations;
  - (ii) Subproject selection, categorization, preparation, implementation, monitoring and reporting of all subproject in compliance with EARF and respective IEE and EMP;
  - (iii) Monitor implementation of EMPs; field monitoring at least fortnightly and advice contractor for additional/ rectification of mitigation measures as per ground condition;
  - (iv) Review monthly contractor's EMP monitoring reports;
  - (v) Guide the PIUs as and when necessary;
  - (vi) Review and finalize all reports in consultation with the PMU safeguards officer;
  - (vii) Provide project management support;
  - (viii) Prepare environmental assessment reports;
  - (ix) Conduct capacity building and training programs on environmental management of the PMU, contractors, and line departments through capacity development support and training;
  - (x) Prepare periodic monitoring reports<sup>16</sup> and submit PMU for onward submission to ADB;
  - (xi) Guide and supervise contractors in: revise/update of the draft IEEs after finalization of the design; and field implementation of EMPs; and
  - (xii) Assist in public consultation and disclosure activities.
50. The PIU Safeguards Officer will be responsible for both environmental and social safeguards. Tasks related to environmental and social safeguards include:
- (i) Coordinate public consultation and information disclosure;
  - (ii) Liaise with local offices of regulatory agencies in obtaining clearances /approvals; assist PMU for clearances obtained at state level;
  - (iii) Review and approve contractors updated EMPs;
  - (iv) Oversee day-to-day implementation of EMP by contractors, including compliance with all government rules and regulations;
  - (v) Take necessary action for obtaining rights of way;
  - (vi) Ensure continuous public consultation and awareness;
  - (vii) Coordinate grievance redress process and ensure timely actions by all parties;
  - (viii) Review monthly contractor's EMP monitoring reports;
  - (ix) Review and forward quarterly monitoring reports to PMU;
  - (x) Inform PMU of unanticipated impacts and formulate corrective action plan; and
  - (xi) Recommend issuance of work construction work completion certification to the contractor upon verification of satisfactory post-construction clean-up.
  - (xii) inform affected persons on (a) the project cutoff date; (b) public notice for schedule of land acquisition/occupation; (c) entitlement matrix; and (d) compensation packages against different categories of loss, and tentative schedule of land clearing/ acquisition for starts of civil works activities;
  - (xiii) coordinate valuation of assets, such as land, trees of various species, etc.

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<sup>16</sup> The monitoring report will focus on the progress of implementation of the IEE and environmental assessment and review framework, issues encountered and measures adopted, follow-up actions required, if any, as well as the status of compliance with subproject selection criteria, and relevant loan covenants. Monitoring report format is given in the EARF.



- (xiv) facilitate the land acquisition and compensation processes in consultation with the district administration; coordinate, supervise and monitor disbursement of compensation; undertake negotiated settlement with third party certification;
- (xv) obtain NOCs, land documents, third party certifications as required for the subproject;
- (xvi) assist in the implementation, monitoring and reporting of resettlement plans/DDR/GESI plan.
- (xvii) take corrective actions when necessary to ensure no adverse impacts; and
- (xviii) submit monthly social and environmental monitoring reports to PMU.

51. The contractor shall appoint one safeguards/ EHS engineer who will be responsible for EMP implementation on a day-to-day basis. The responsibilities of Contractor include:

- (i) Preparing Site Environmental Management Plan (SEMP)/ updated EMP per detailed design, works implementation schedule, and site conditions;
- (ii) Ensuring implementation of EMP;
- (iii) Implementing corrective action plans as required;
- (iv) Coordinating with the resident engineer and environment specialists (at all levels);
- (v) Community liaison, consultation with interested/ affected parties and grievance redressal; and
- (vi) Monthly reporting on EMP implementation.

## **B. Climate Change**

52. **Climate risk and vulnerability assessment (CRVA) for the project.** A CRVA was conducted by the project preparatory team to assess the associated potential risks of climate change impacts and vulnerability of the project. The purpose was to ensure that the project components fully incorporate necessary climate resilience and necessary adaptation measures into the detailed design and implementation stages of the project. The Project Climate Risk Assessment and Management report is a linked document of the project Periodic Financing Report (PFR). The detailed CRVA is in KUIDFC's project website.

53. The project was designed based on KUIDFC's implementation experience in urban water supply and sewerage sector and also the projects implemented by the State in coastal districts and taking inputs from the relevant sections of the Karnataka State Action Plan for Climate Change (2015) to make the proposed subprojects climate resilient by adopting the following measures: (i) using sustainable surface based sources; (ii) designing the distribution systems on a district metering area (DMA) basis to reduce nonrevenue water (NRW); (iii) using of updated standards, technical design, latest technologies and materials for key infrastructure; (iv) raising awareness and promoting demand management among project beneficiaries; (v) adoption of rain water harvesting policies in project ULBs; (vi) incentivize use of treated wastewater for industry, agriculture and horticulture; and (vii) institutionalize rigorous water quality assurance and audit norms.

54. The CRVA further assessed any associated potential risks of climate change impacts and the vulnerability of the detailed design of the project, to ensure that the project components incorporate necessary climate resilience and adaptation measures. These measures and details of additional adaptation measures proposed for incorporation during the detailed design phase and implementation stage are identified, described and costed in the CRVA. The CRVA and specific adaptation measures will also be included in the applicable works packages contracts to guide them during implementation stage.

55. **Resilience measures and climate change financing.** The project proposal and outputs of the project have been designed to ensure that the outputs of the proposed project are climate-resilient and provide a comprehensive and sustainable surface-based water supply and distribution system to project beneficiaries in the ULBs of Mangalore and Puttur in Dakshina Kannada District and the ULBs of Udupi and Kundapur in Udupi District. A resilient system formulated under the project was costed as climate financing and shown in detail in Appendix 12. The system comprised resilient components over and above the proposed conventional piped water supply system. Components of the proposed climate resilient system that addresses climate change risks through adaptation measures already built-in to sub-project design and additional planned adaptation measures proposed in the CRVA were considered as qualifying costs in estimating the incremental financing required to achieve the desired climate resilient outcome and outputs.

### **C. Involuntary Resettlement and Indigenous People (Social Safeguards)**

56. The project is categorized as B for involuntary resettlement impacts and C for indigenous people impacts. An updated resettlement framework and indigenous peoples planning framework are prepared for Project 2. Three draft resettlement plans and two due diligence report are prepared for proposed water supply and sewerage subproject components in accordance with ADB's SPS, 2009, and government laws. The facility and individual tranches will not finance investments which are Category A for social safeguards or which cumulatively transcend an existing project/ tranche categorization to Category A. Social safeguards assessment and documentation of future subprojects will be carried out in accordance with the provisions of the Resettlement framework and indigenous peoples planning framework, if applicable. All social safeguard documents were submitted to ADB for review, approval, and those approved by ADB have been publicly disclosed. Due diligence reveals that the project will not have any impacts on indigenous peoples as the project sites are located in urban areas with no indigenous people communities living at the project sites. Any unanticipated impacts of the project on indigenous peoples will be documented and mitigated based on the principles agreed upon in the indigenous peoples planning framework and ADB SPS 2009. Any unanticipated involuntary resettlement impacts of the project will be documented and mitigated based on the principles agreed upon in the resettlement framework and ADB SPS 2009. The PMU will have a Safeguard Compliance and Monitoring Officer (SCMO), assisted by the SDO, in the SCMU. The SCMU will be assisted by RPMU Safeguards Officer as well as by Social Safeguards and Gender Specialist of the PMDCSC to assist and monitor project compliance on safeguards. The following are institutional roles and responsibilities to ensure social safeguards requirements are followed during design and construction stages.

57. The responsibilities of the PMU's Social Development Officer (SDO) include:
- (i) Ensure that the resettlement framework provisions are adhered to and the draft resettlement plans prepared during project processing are updated based on detailed designs;
  - (ii) Engage in meaningful consultations with stakeholders and affected persons particularly through implementation of the consultation and participation;
  - (iii) Update the resettlement plans upon the completion of detail design and submit to ADB for review, approval and disclosure;
  - (iv) Prepare resettlement plans or DDRs for new subprojects with support from the national social safeguards and gender specialist of PMDCSC. The outline of the resettlement plans and DDR is in Appendix 9 of the PAM;
  - (v) Ensure provision of timely payments by the local government to the affected persons before displacement/impact occurs in sections ready for construction;

- (vi) Inform ADB for any unanticipated impacts identified during project implementation, prepare/review the required corrective action plan (CAP) and implement/monitor its implementation;
- (vii) Ensure implementation of project grievance redress mechanism (GRM) and all grievances are addressed;
- (viii) Conduct regular monitoring and site visits for social safeguard compliance of all subprojects during civil works activities;
- (ix) Maintain safeguard data base and GRM records;
- (x) Conduct oversight and develop effective mechanism to monitor implementation of Resettlement Plans and GESI action plan to ensure smooth project implementation;
- (xi) Review the consolidated monthly reports by PMDCSC social safeguards and gender specialist, community awareness, participation, resettlement and rehabilitation (CAPRRC), and submit semi-annual social safeguards monitoring reports to ADB. The monitoring reports should record the progress of resettlement activities and any compliance issues, grievances, corrective actions taken, follow-up actions required and status of compliance with relevant loan covenants;
- (xii) assist project director and guide CAPRRC in implementation of the GESI action plan; and
- (xiii) review monthly monitoring reports to be submitted by RPMU/PIUs and consolidate/prepare quarterly progress report on GESI progress to be submitted with project QPR to ADB.

58. The RPMU Safeguards Officer will be responsible for the following tasks related to environmental and social safeguards:

- (i) Engage in ongoing meaningful consultations with stakeholders and affected persons particularly through consultation and participation;
- (ii) Update the IEEs/resettlement plans upon the completion of detail design and submit to PMU for onward submission to ADB for review, approval and disclosure;
- (iii) Prepare IEEs/resettlement plans or DDRs for new subprojects, as needed, with support from the national environmental specialist / social safeguards specialist of PMDCSC. The outline of resettlement plans and DDR is in Appendix 9 of the PAM;
- (iv) Translate and disclose the final IEEs/resettlement plans/ DDRs into proper language and forms that are accessible to the affected communities/ people;
- (v) Ensure provision of timely payments by the Municipality to the affected persons before displacement/impact occurs in sections ready for construction;
- (vi) Assist in identification of third party in case of any negotiated settlement/land donation;
- (vii) Guide and assist PIUs to ensure that environmental clearances and consents to establish/operate, NOCs, land documents, third party certifications as required for each subproject are obtained;
- (viii) Inform ADB of any unanticipated impacts identified during project implementation, prepare the required corrective action plan and implement it;
- (ix) Ensure implementation of project GRM and all grievances are properly addressed;
- (x) Conduct regular monitoring and site visits for safeguard compliance of all subprojects during civil works activities;
- (xi) Monitor the work of CAPRRC on resettlement, CAPP and GESI activities; and
- (xii) Maintain safeguard database, GRM records, key gender results and good practices.

59. The Social Safeguards and Gender Specialist PMDCSC will be responsible for the following tasks:

- (i) Establish a system to monitor social safeguards and gender outcomes of the Project; including the functioning of the grievance redress mechanism, and prepare indicators for monitoring important parameters of safeguards and gender;
- (ii) Take proactive action to anticipate the gender equality and social inclusion and social safeguards aspects of the Project to avoid delays in implementation;
- (iii) Support PMU/ RPMU to prepare Resettlement Plans, of subproject water supply schemes that will be appraised during project implementation;
- (iv) Support the PMU in ensuring that the social safeguard and GESI activities are carried out in accordance with the agreed plans and frameworks; and
- (v) Ensure that the relevant measures specified in the resettlement plans, and GESI action plan will be incorporated in bidding documents and approved by ADB prior to issuance of invitation for bidding and monitor their compliance on behalf of PMU/ RPMU; ensure monitoring of social safeguards plans and GESI action plan and address unanticipated impacts, if any; and provide training programs to PMU/ RPMU/ PIU staff and contractors involved in the project implementation for strengthening their capacity in managing and monitoring social safeguards and gender.

60. **Additional Requirements.** For any associated facilities or components of proposed subprojects that are financed by the government, the executing agency will ensure that all details and documents related to land acquisition, compensation payment and transfer are shared with ADB. Any pending issues related to land acquisition or resettlement, if identified for the associated facilities, will be mitigated following the government's policies, and the required impact assessment and mitigation planning and monitoring reports will be prepared and shared with ADB.

61. **Grievance Redress Mechanism.** As per the orders of Joint Managing Director KUIDFC Official Memorandum dated 28 June 2017 has been issued to the concerned for formation of project specific Grievance Redress Mechanism (GRM). A scanned copy of Official Memorandum for formation of GRC is provided in Appendix 11. It will be established to receive, evaluate and facilitate concerns of, complaints and grievances of the affected persons in relation to project's social and environmental performances. The main objective of the GRM will be to provide time bound action and transparent mechanisms to resolve social and environment concerns.

62. A project GRM will cover the project's towns for all kinds of grievances and will be regarded as an accessible and trusted platform for receiving and facilitating project related complaints and grievances. The multi-tier GRM for the program will have realistic time schedules to address grievances and specific responsible persons will be identified to address grievances and whom the displaced persons have access to interact easily.

63. Awareness on grievance redress procedures will be created through Public Awareness Campaign with the help of print and electronic media. The Safeguards Officer (SO) of RPMU will ensure that vulnerable households are also made aware of the GRM and assured of their grievances to be redressed adequately and in a timely manner.

64. There will be multiple means of registering grievances and complaints by dropping grievance forms in complaint/ suggestion boxes at accessible locations, or through telephone hotlines, email, post or writing in a complaint registrar book in ULB's project office. There will be complaint registrar book and complaint boxes at construction site office to enable quick response

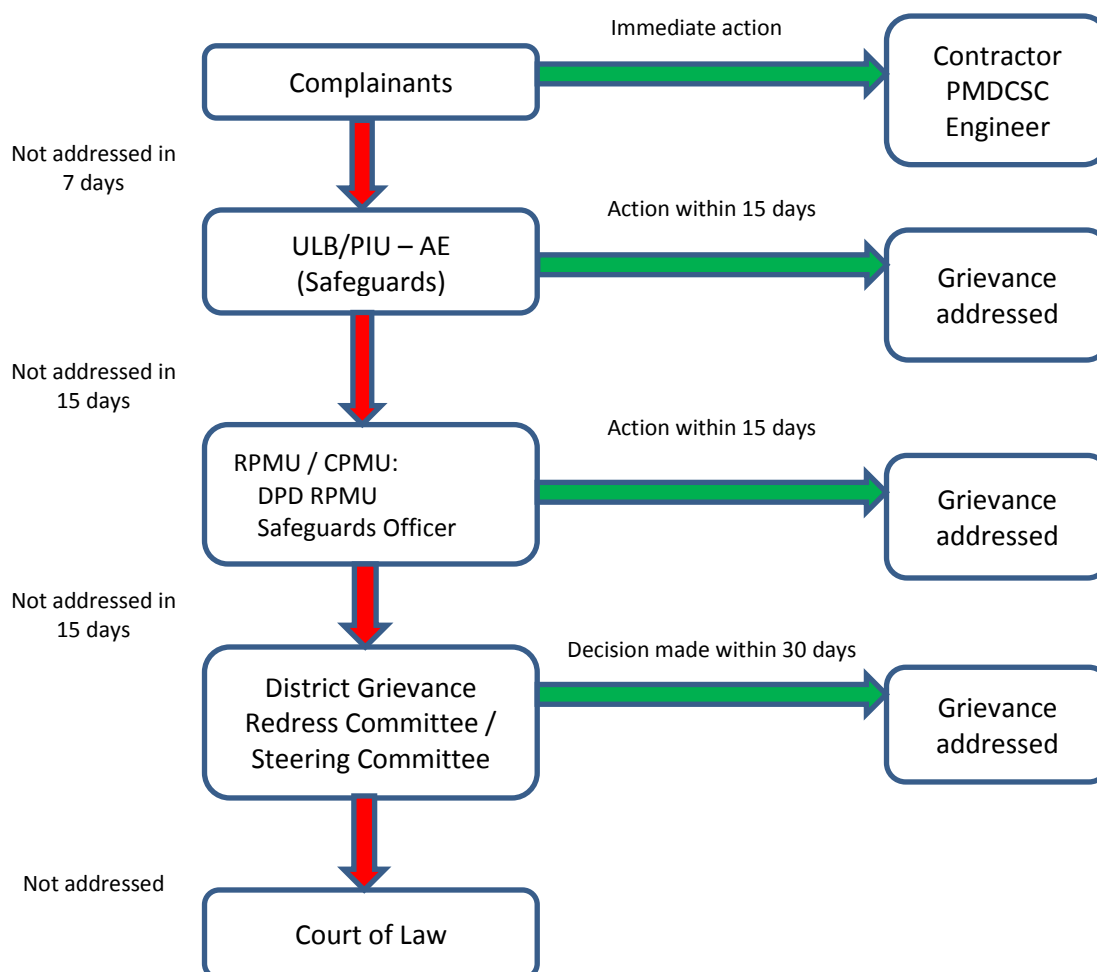
of grievances/ complaints for urgent matters. The name, address and contact details of the persons with details of the complaint / grievance, location of problem area, date of receipt of complaint will be documented. The RPMU's Safeguards Officer will be responsible at the project level for timely resolution of the environmental and social safeguards issues and registration of grievances, and communication with the aggrieved persons.

65. **Grievance Redressal Process.** There will be several tiers for grievance redress process. Simple grievances for immediate redress will first be resolved at site by Contractor. If unaddressed for up to 7 days the complainants may go to PIU officer in ULB responsible for addressing resettlement/social issues. Resident engineer and the ULB will assist in resolving the issues. Name, designation and contact number of personnel responsible for grievance redress at ULB and RPMU, will be posted at Contractor's and PMDCSC's site office in full visibility of public. Grievances of immediate nature should be resolved at site/ within ULB/ PIU level within 15 days of registration of grievances.

66. All the grievances that cannot be resolved at ULB/ PIU within 15 days will be forwarded to the Grievances Redressal Committee (GRC) headed by Deputy Project Director, RPMU at Subdivision level who will review and resolve within 15 working days of grievance being registered with assistance of the concerned PIU/ ULB personnel if required. The grievances of critical nature and those cannot be resolved at GRC level should be referred to District Level Implementation Committee (DLIC) set up at district level headed by Deputy Commissioner who will review the grievances and to be settled within 30 days. All documents related to grievances, follow up action taken to resolve along with explanatory note on nature, seriousness and time taken for grievance redress shall be prepared by RPMU Safeguards Officer and circulated to DLIC members at least a week prior to scheduled meeting. The decision taken at the DLIC level will be communicated to the complainant by Safeguards Officer, RPMU through ULB/PIU.

67. For any issues that remain unresolved by the GRC it is referred to DLIC at the District Level, and if the decisions taken at such meetings are not acceptable, the complainants /displaced persons can approach the Court of Law as per Government of Karnataka legal procedure.

68. **Grievance Redressal Committee Composition and Selection of Members.** The GRC for the project will be headed by Special Land Acquisition Officer/ Assistant Commissioner of the concerned sub-Division as Chairman of the sub Division with members as follows: (i) ULB Commissioners/ Chief Officer of the concerned ULB towns; (ii) Deputy Project Director as member Secretary and Convener; (iii) PMDCSC Engineer; (iv) Affected Community member/ NGO; and (v) Safeguards Officer RPMU KIUWMIP Mangaluru member and will shoulder responsibility of keeping records of grievances/ complaints in details. The Safeguards Officer of RPMU will be responsible for coordinating with all GRC members and the displaced persons for grievance redressal. The grievances of critical nature and those cannot be resolved at Divisional level should be referred to DLIC set up at District level they will determine the merit of each grievance and attempt to resolve the same within a month from the date of lodging of complaints. The decision of DLIC is final and cannot be contested in any other forum except in the Courts of Law.

**Figure 5: Grievance Redress Process**

CPMU = central project management unit, PIU = project implementation unit, PMDCSC = project management, design and construction supervision consultant, RPMU = regional project management unit, ULB = urban local body.

69. **Recordkeeping.** Records of all grievances received, including contact details of complainant, date the complaint was received, nature of grievance, agreed corrective actions and the date these were effected and final outcome will be kept by PIU (with the support of PMDCSC) and submitted to PMU.

70. **Information dissemination methods of the Grievance Redress Mechanism.** The PIU, assisted by PMDCSC/ CAPRRC will be responsible for information dissemination to affected persons and general public in the project area on grievance redress mechanism. Public awareness campaign will be conducted to ensure that awareness on the project and its grievance redress procedures is generated. The campaign will ensure that the poor, vulnerable and others are made aware of grievance redress procedures and entitlements per agreed entitlement matrix including. whom to contact and when, where/ how to register grievance, various stages of grievance redress process, time likely to be taken for redress of minor and major grievances, etc. Grievances received and responses provided will be documented and reported back to the affected persons. The number of grievances recorded and resolved and the outcomes will be displayed/disclosed in the PIU, offices, ULB notice boards and on the web, as well as reported in the semi-annual environmental and social monitoring reports to be submitted to ADB.

71. **Periodic review and documentation of lessons learned.** The PMU will periodically review the functioning of the GRM and record information on the effectiveness of the mechanism, especially on the PIU's ability to prevent and address grievances.

72. **Costs.** All costs involved in resolving the complaints (meetings, consultations, communication and reporting/information dissemination) will be borne by the respective PIU. Cost estimates for grievance redress are included in resettlement cost estimates.

73. **Country legal procedure.** An aggrieved person shall have access to the country's legal system at any stage, and accessing the country's legal system can run parallel to accessing the GRM and is not dependent on the negative outcome of the GRM.

74. **ADB's Accountability Mechanism.** In the event that the established GRM is not in a position to resolve the issue, the affected person can also use the ADB Accountability Mechanism through directly contacting (in writing) the Complaint Receiving Officer (CRO) at ADB headquarters or the ADB India Resident Mission. The complaint can be submitted in any of the official languages of ADB's developing member countries. Before submitting a complaint to the Accountability Mechanism, it is recommended that affected people make a good faith effort to resolve their problems by working with the concerned ADB operations department (in this case, the resident mission). Only after doing that, and if they are still dissatisfied, they could approach the Accountability Mechanism. The ADB Accountability Mechanism information will be included in the project-relevant information to be distributed to the affected communities, as part of the project GRM.

## VIII. GENDER AND SOCIAL DIMENSIONS

75. The Project 2 is classified as effective gender mainstreaming (EGM). A gender equality and social inclusion (GESI) action plan has been prepared to ensure that social and gender equality activities are effectively implemented (Appendix 4). This will complement and sustain the ongoing activities under Project 1. The GESI initiatives will create capacities and provide opportunities for enhanced participation of women in project related activities and improved gender responsive implementation. The activities will focus on capacity building of community members with special focus on building women's leadership roles as community mobilisers; and training in behavioral change communication on health, hygiene and sanitation. Trainings for PMU, PIU staff on ADBs updated policies and procedures related to gender and specifically on GESI will be routinely organized. Orientation workshops will be planned for contractors and laborers on core labour standards with special focus on equality in wages, health, safety, hygiene and on the need to maintain sex disaggregated record of workforce. A community awareness and participation plan (CAPP) has also been prepared (Appendix 6). The activities under the CAPP will help facilitate and ensure community participation, awareness and knowledge building. The community participation is envisaged through information, education and communication (IEC) campaigns focusing on educating the poor and disadvantaged populations about project benefits.

76. The social and gender-focused activities will be implemented with the support of the RPMU in close coordination with the ULBs. The CAPRR consultant will implement and monitor GESI and CAPP activities. Adequate resources are provided for the implementation of GESI and CAPP and appropriate provisions are provided to monitor implementation and report progress. The summary poverty reduction and social strategy (SPRSS) was updated, and included in the linked documents of the PFR report for Project 2.

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

### A. Project Design and Monitoring Framework

**Table 15: Design and Monitoring Framework for Project 2**

Impacts the Project is Aligned with Sustainable water security in selected river basins in Karnataka improved. <sup>a</sup>			
<b>Project Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks</b>
<b>Outcome</b> Urban water resource management in four coastal towns (Kundapura, Mangalore, Puttur, and Udupi) improved	By September 2024: a. NRW in four towns reduced to 15% (2017 baseline: 42%) b. 765,000 people in four towns benefited from 24/7 piped water supply (2017 baseline: 0 people) c. 193,000 people in Mangalore benefitted from sanitation services with improved conveyance (2017 baseline: 160,000 people) d. 95% of potable water samples in four towns complied with the national drinking water quality standards (2017 baseline: not measured at costumer end)	(a)–(d). KUIDFC annual reports, periodic progress reports, and ULB statistics	Climate change reduces raw water availability, minimizing project benefits.  Inadequate revisions of water tariffs and no enforcement of sewerage tariffs may constrain the sustainability of assets developed under the project.  The water supply system may be underutilized because of delay in associated projects to be funded by the government.
<b>Outputs</b> 1. Urban water supply and sanitation infrastructure expanded and upgraded	By September 2023: <b>A. Water supply systems upgraded in four towns (Kundapura, Mangalore, Puttur, and Udupi)<sup>b</sup></b> 1a. 14 km of new water transmission lines in Puttur constructed (2017 baseline: 0) 1b. One WTP with a capacity of 8.7 MLD in Puttur constructed (2017 baseline: 0) 1c. 76 km of new clear water feeder main in Kundapura, Mangalore, Puttur, and Udupi constructed (2017 baseline: 0) 1d. 33 storage reservoirs in Kundapura, Mangalore, Puttur, and Udupi constructed (2017 baseline: 0) 1e. 1,320 km of new water distribution network in Kundapura, Mangalore, Puttur, and Udupi expanded (2017 baseline: 1,400 km) 1f. 78,900 existing house service connections replaced with metered connections including free or subsidized connections for 100% poor women-	1a–1h. PPMS, KUIDFC and ULB reports, QPRs, and PCR	



Project Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p>headed and vulnerable households in Mangalore (2017 baseline: 78,900 households with unmetered water connections)</p> <p>1g. New metered connections for 32,700 households, including free or subsidized connections to 100% poor women-headed and vulnerable households, in Kundapura, Mangalore, Puttur, and Udupi completed (2017 baseline: 0)</p> <p>1h. Domestic water meter replacements for 29,500 households including free or subsidized meters for 100% poor women-headed and vulnerable households in Kundapura, Puttur, and Udupi completed (2017 baseline: 29,500 households with non-functional meters)</p> <p><b>B. Sewerage systems rehabilitated in Mangalore</b></p> <p>1i. 11 km of pumping mains in Mangalore rehabilitated (2017 baseline: 0)</p>	<p>1.i. PPMS, KUIDFC and ULB reports, QPRs, and PCR</p>	
<p>2. Water resource planning, monitoring, and service delivery of ULBs improved</p>	<p>By September 2023:</p> <p><b>A. Operational capacity through policy and institutional reform actions strengthened</b></p> <p>2a. Water audit and water quality monitoring systems established, and periodic reports generated for four project towns (2017 baseline: 0)</p> <p>2b. Volumetric tariff determination models rolled-out to the four project towns (2017 baseline: 0)</p> <p>2c. Dynamic asset management system in four project towns established (2017 baseline: 0)</p> <p>2d. Water operations account of all four project ULBs ring-fenced (2017 baseline: 0)</p> <p>2e. UIF implemented by project ULBs (2017 baseline: 0)</p> <p><b>B. Gender-responsive and inclusive service delivery systems institutionalized</b></p> <p>2f. 40 water and sanitation committees formed in target slums with 50% representation from women members<sup>c</sup> (2017 baseline: 0)</p> <p>2g. Public awareness campaign on water conservation, demand management, behavior change for 24/7 water supply, water quality, and WASH reached 3,000 residents in the four project towns with 33% women participation</p> <p><b>C. Climate-resilient policy actions implemented</b></p> <p>2h. The following policies adopted and implemented in the four project towns:</p> <p>(i) Rainwater harvesting policy</p>	<p>2a–2e. PPMS, KUIDFC and ULBs reports, QPRs, and PCR</p> <p>2f–2g. PPMS, KUIDFC and ULBs reports, QPRs, and PCR</p> <p>2h. PPMS, KUIDFC and ULBs reports, QPRs, and PCR</p>	<p><b>For Output 2 and 3:</b></p> <p>Competing government of Karnataka/ ULBs priorities may delay the implementation of planned reforms actions and service delivery system.</p>

Project Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	(ii) Incentivize use of treated wastewater for industry, agriculture, and horticulture (iii) Water quality monitoring and water audit	PCR	
3. Institutional capacity of executing agency and urban local bodies strengthened	<p>By September 2023:</p> <p>3a. 80% of 200 trained PMU/PIU/concerned ULB staff (including 90% eligible women staff) enhanced knowledge/improvement on (i) project management, (ii) water conservation and NRW reduction, (iii) service delivery, and (iv) gender and social inclusion issues in urban governance (2017 baseline: 0)</p> <p>3b. 80% of 100 trained elected representatives in project towns (including 90% eligible women staff) enhanced knowledge/improvement on project scope, benefits, timelines, municipal functioning and gender and social inclusion issues in urban governance. (2017 baseline: 0)</p>	3a–3b. PPMS, KUIDFC and ULB reports, QPRs, and PCR	
<p><b>Key Activities with Milestones</b></p> <p><b>1. Urban water supply and sanitation infrastructure expanded and upgraded</b></p> <p>1.1 Prepare engineering design and bid documents (Q1 2017–Q2 2018)</p> <p>1.2 Award civil work contracts (Q4 2017–Q4 2018)</p> <p>1.3 Construct and commission the schemes (Q1 2018–Q3 2023)</p> <p><b>2. Water resource planning, monitoring, and service delivery of ULBs improved</b></p> <p>2.1 Develop systems for water audit, water quality monitoring, volumetric tariff determination models, dynamic asset management system, and ring-fenced water operations account. (Q1 2018–Q3 2023)</p> <p>2.2 Conduct awareness campaign (Q1 2018–Q3 2023)</p> <p>2.3 Draft climate resilient policy actions (Q1 2018–Q3 2023)</p> <p><b>3. Institutional capacity of executing agency and ULBs strengthened</b></p> <p>3.1 Conduct one training for staff per town</p> <p>3.2 Conduct two orientations for elected representatives per town (Q2 2018–Q3 2023)</p> <p>Project Management Activities.</p> <p>(a) Project management, design and construction supervision consultant mobilization (Q2 2018–Q3 2023)</p> <p>(b) Community awareness, participation, resettlement and rehabilitation consultant mobilization and implementation (Q3 2018–Q3 2023)</p> <p>(c) Conduct socioeconomic survey to assess community needs (in at least two localities including one slum for each ULB) (Q2 2018–Q3 2023)</p> <p>(d) Develop Project MIS with data disaggregated by sex and social group, where applicable (Q2 2018–Q3 2023)</p>			
<p><b>Inputs</b></p> <p>ADB: \$75 million (regular loan)</p> <p>Government: \$34.8 million</p>			
<p><b>Assumptions for Partner Financing</b></p> <p>Not applicable</p>			

ADB = Asian Development Bank, km = kilometer, KUIDFC = Karnataka Urban Infrastructure Development and Finance Corporation, MIS = management information system, MLD = million liters per day, NRW = nonrevenue water, PCR = project completion report, PIU = project implementation unit, PMU = project management unit, PPMS = project performance monitoring system, Q = quarter, QPRs = quarterly progress reports, UIF = Urban Local Body Incentive Fund, ULB = urban local body, WASH = water, sanitation, and hygiene, WTP = water treatment plant.

<sup>a</sup> Defined by the investment program. ADB. 2014. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranchise Financing Facility for India: Karnataka Integrated Urban Water Management Investment Program*. Manila. This is in line with Karnataka's Vision 2020, which promotes a sustainable and orderly process of industrialization

and urbanization while ensuring sustainability of the state's environment and natural resources. (Source: Karnataka State Planning Board. 2008. *Karnataka: A Vision for Development*. Bangalore).

<sup>b</sup> See Attachment A1.1 and A1.2 of Appendix 1 of PAM for project town-wise indicators.

<sup>c</sup> Water and sanitation committee will sensitize beneficiaries regarding the benefits of the project, water conservation, sanitation, and hygiene; ensure to maximize the community benefits during the implementation and operation; help addressing concerns relating to metering, volumetric tariffs; and clarify the role of the private operator and bring sense of ownership about the assets created under the project.

Source: Asian Development Bank.

## B. Monitoring

77. **Project performance monitoring.** Preliminary baseline data for the Project 2 was collected by the PMDCSC in March 2017. The data will be reviewed, confirmed and/or updated and entered by central and regional PMU in the PPMS systems within 3 months of Project 2 effectiveness. Data will include:

- (i) Baseline data for outputs and outcome indicators of Project 2 DMF, which are disaggregated by sex as well as poverty level;<sup>17</sup> and
- (ii) all water and sewerage indicators defined by the Service Level Benchmarks<sup>18</sup> of Ministry of Urban Development.

78. The PMDCSC to be engaged under Project 2, will assist KUIDFC in monitoring performance using the targets, indicators, assumptions, and risks in the project design and monitoring framework (including how beneficiaries will be involved in project monitoring and evaluation) and report it in the quarterly progress reports to be submitted to ADB (an outline is provided in Appendix 7). These reports will provide information necessary to update ADB's project performance reporting system. For subprojects with public-private partnership contract, key performance indicators satisfactory to ADB will be developed during the preparation of requests for proposals and draft contract documents for each subproject.

**Table 16: Project Performance Structure and Responsibilities**

Unit in Charge	Responsibility
Project Director, KUIDFC	Endorse reports of the units and submit it to the State-Level Steering Committee and ADB for review.
Task Manager, Central PMU	Generate and consolidate and verify monitoring data on all aspects. Separately monitor reform and capacity building activities. Analyze the consolidated monitoring data on physical investment activities, and report the results and corrective actions for program and individual projects.
Deputy Project Directors, Regional PMU	Generate monitoring data on physical investment activities, input, contract management and safeguards, and report the results and corrective actions to the project director.

ADB = Asian Development Bank, KUIDFC = Karnataka Urban Infrastructure Development and Finance Corporation, PMU = program management unit, PPMS = project performance monitoring system.

79. **Compliance monitoring:** Undertakings in the framework financing agreement and covenants in loan and project agreements will be regularly monitored. The compliance monitoring team responsible for oversight and reporting would have the following responsibilities:

<sup>17</sup> Outcome and output indicators will be monitored on a 6 monthly basis. However data disaggregated by sex and poverty levels will be collected at the beginning and the end of the projects.

<sup>18</sup> Ministry of Urban Development. June 2010. *Handbook on Service Level Benchmarking*. Delhi. (<http://www.urbanindia.nic.in/programme/uwss/slb/Handbook.pdf>).

**Table 17: Compliance Monitoring Structure and Responsibilities**

<b>Staff in Charge</b>	<b>Responsibility</b>
Project Director, KUIDFC	Endorse the report of the Task Manager, and submit it to the Steering Committee for review. Include information, findings and corrective actions in the quarterly progress report.
Central PMU headed by Project Director	Generate compliance monitoring data on loan covenants, input them in the PPMS, analyze, and report the results and corrective actions to the Managing Director.

KUIDFC = Karnataka Urban Infrastructure Development and Finance Corporation, PMU = project and program management unit, PPMS = project performance monitoring system.

80. **Safeguards monitoring.** The PMU will submit separate semiannual environmental and social safeguards monitoring reports to ADB, which will be reviewed and disclosed on ADB's website. The monitoring reports will be prepared by PMU SCMO with assistance from the DMSC safeguards specialists and inputs from the PIU's safeguard officers, contractors and CAPRRC. The status of safeguard implementation, issues, and corrective actions are to be clearly reported to ADB. The status of safeguards implementation will also be discussed at each ADB review mission and with necessary issues and agreed actions recorded in Aide Memoires. The outline of the semi-annual social safeguard monitoring report is in Appendix 9. ADB will also carry out annual environmental and/or social (including gender) reviews of the Project.

81. **Gender and social dimensions monitoring.** The SCMO of the PMU is staffed by senior officials in charge of monitoring of social safeguards and gender, and environmental safeguards. Regular training (once a year at minimum) will be provided to the SCMO to function as compliance officers on all three aspects of safeguards compliance monitoring, including GESI action plan implementation monitoring. It was agreed that: (i) the SDO, SCMO will prepare and update the work plan for GESI implementation with timelines and deliverables; (ii) provide continuous induction and orientation on GESI to RPMU, implementing staff at PIU and contractors; and (iii) report GESI progress, in accordance with the agreed GESI action plan monitoring matrix (Appendix 5) and submit to ADB as part of the quarterly progress reports.

### **C. Evaluation**

82. **Regular Review.** The PPMS will aim to detect any deficiency and discrepancy between the plan and the execution of Project 2 to ensure that timely corrections can be made to adjust the design of the investment program. Each of the monitoring teams will evaluate the causes of any deficiency and discrepancy between the plan and the execution illuminated by the PPMS, propose corrective measures, and seek policy guidance from the Steering Committees if still unresolved. There will be evaluation processes at three different levels in different intervals:

- (i) The executing agency through the PMUs (monthly);
- (ii) The steering committee (semi-annually); and
- (iii) ADB (semi-annually).

83. **Midterm Reviews.** In addition, a midterm review for Project 2 will be undertaken during the implementation period. The midterm reviews will evaluate in detail the scope of Project 2, implementation arrangements, any outstanding issues, environment and resettlement as well as other safeguard issues, GESI action plan and CAPP implementation, achievement of scheduled targets, contract management progress, reforms and other issues, as appropriate and generate agreement on any changes that may be needed.

## **D. Reporting**

84. KUIDFC will provide ADB with five types of reports, and all are subject to disclosure in compliance with ADB's Public Communications Policy (2011):

- (i) Semi-annual safeguards monitoring reports;
- (ii) Quarterly project progress reports in a format consistent with ADB's project performance reporting system within 30 days of the end of each quarter;<sup>19</sup>
- (iii) Annual report including: (a) progress achieved by output as measured through the DMF indicator's performance targets; (b) key implementation issues and solutions; (c) updated procurement plan; and (d) updated implementation plan for the next 12 months;
- (iv) Project account and the asset owning agencies' annual financial statement together with the associated auditor's report; and
- (v) A project completion report<sup>20</sup> within 6 months of physical completion of each project under the investment program.

## **E. Community Awareness and Participation Plan**

85. The CAPP has been prepared for the Project 2 (Appendix 6). 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 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.

## **X. ANTICORRUPTION POLICY**

86. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.<sup>21</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.<sup>22</sup>

87. The Government, the State, KUIDFC and all implementing agencies are advised of ADB's Anticorruption Policy (1998, as amended to date).<sup>23</sup> Consistent with its commitment to good governance, accountability and transparency, implementation of the Project and Subprojects shall adhere to ADB's Anticorruption Policy. ADB reserves the right to review and examine, directly or through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Project and Subprojects. In this regard, investigation of government officials, if any, would be requested by ADB to be undertaken by the government or state government as the case may be.

88. To support these efforts, relevant provisions of ADB's Anticorruption Policy are included in the Loan Regulations and the bidding documents. In particular, all contracts financed by ADB

<sup>19</sup> An outline is provided in Appendix 7.

<sup>20</sup> Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>.

<sup>21</sup> Anticorruption Policy: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>.

<sup>22</sup> ADB's Integrity Office web site: <http://www.adb.org/integrity/unit.asp>.

<sup>23</sup> Available at: <http://www.adb.org/documents/anticorruption-policy>.

shall include provisions specifying the right of ADB to audit and examine the records and accounts of the State government, KUIDFC and all implementing agencies, and all contractors, suppliers, consultants, and other service providers as they relate to the Project or Subprojects. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contract under the project or subprojects.<sup>24</sup>

89. ADB's Anticorruption Policy designates the Office of Anticorruption and Integrity as the point of contact to report allegations of fraud or corruption among ADB-financed projects or its staff. Office of Anticorruption and Integrity is responsible for all matters related to allegations of fraud and corruption. For a more detailed explanation refer to the Anticorruption Policy and Procedures. Anyone coming across evidence of corruption associated with the project or subproject(s) may contact the Anticorruption Unit by telephone, facsimile, mail, or email at the following numbers/addresses:

by email at [integrity@adb.org](mailto:integrity@adb.org) or [anticorruption@adb.org](mailto:anticorruption@adb.org)

by phone at +63 2 632 5004

by fax to +6326362152

by mail at the following address (Please mark correspondence Strictly Confidential):

Office of Anticorruption and Integrity  
Asian Development Bank  
6 ADB Avenue Mandaluyong City  
1550 Metro Manila, Philippines

## **XI. ACCOUNTABILITY MECHANISM**

90. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>25</sup>

## **XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL**

91. All revisions and/or updates to the PAM during implementation should be retained in this section to provide a chronological history of the changes to implemented arrangements in the PAM, including revision to contract awards and disbursement s-curves.

**Table 18: Record of Project Administration Manual Changes**

<b>Date of change</b>	<b>Nature of change</b>	<b>Remark</b>

<sup>24</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

<sup>25</sup> Accountability Mechanism. <http://www.adb.org/Accountability-Mechanism/default.asp>.

## DETAILED PROJECT DESCRIPTION

Project 2 of the Karnataka Integrated Urban Water Management Investment Program (KIUWMIP) (the Project) supports improvements in urban infrastructure and services in the following 4 urban local bodies (ULBs): Mangalore, Udupi, Puttur and Kundapura, and institutional development, improved municipal management and project implementation capacity across the State. The Project has the following components:

### Output 1: Urban water supply and sanitation infrastructure expanded and upgraded

#### (1) Water supply system upgraded in four towns

- (i) Facilities at Intake Works:
  - Upgradation and renovation works in Jack well **Kundapura**.
  - Replacement of 2 Old pumps in Jackwells to feed raw water in **Puttur**
- (ii) Transmission Main:
  - Construction of 1.68 KM of raw water transmission main and Laying of 12.42 km clear water transmission main from proposed new WTP in **Puttur**.
- (iii) Water Treatment Facilities:
  - Renovation of the existing WTP of capacity of 7.6 MLD in **Kundapura**.
  - Construction of a new WTP of 8.7 MLD in **Puttur**.
- (iv) Feeder Main:
  - Laying of 59.45 km clear water feeder main from Master Balancing reservoirs to OHTs/GLSRs, in **Mangalore**.
  - Clear water Feeder mains for length of 7.47 KM in **Udupi**.
  - Laying of 4.8 km of 200 mm Feeder main for tapping from existing clear water transmission main to OHTs in **Kundapura**.
  - Construction of 5.06 Km of Feeder mains in **Puttur**.
- (v) Water Storage Facilities:
  - Construction of 14 OHTs and 2 GLSRs of total capacity of 17.25 ML in **Mangalore**.
  - Construction of 7 OHTs of total capacity of 5.2 ML in **Udupi**
  - Construction of 2 OHTs with a total capacity of 0.9 ML in **Kundapura**
  - Construction of 6 OHTs and 2 GLSRs with a total capacity of 4.55 ML in **Puttur**
- (vi) Distribution Lines:
  - Construction of distribution lines of 789 KM **Mangalore**.
  - Extension of Distribution pipelines of 358.16 Kms in **Udupi**
  - Extension of 31.64 km distribution pipe lines in **Kundapura**.
  - Extension of 142.66 km distribution pipe lines in **Puttur**.

(vii) Service Connections:

- Replacement of **78,969** existing house service connections along with water meter, and providing new metered HSC of **11,031** for uncovered households in **Mangalore**.
- Replacement of **16,870** existing meters and providing new metered HSC of **15,000** for uncovered households in **Udupi**
- Replacement of **4200** existing meters and providing new metered HSC of **2,250** for un-covered households in **Kundapura**.
- Replacement of **8,441** existing meters and providing new HSC of **4,500** for un-covered households in **Puttur**.

**(2) Sewerage system rehabilitated in Mangalore**

- (i) Construction of pumping mains of 1100 mm for **7.65 Km**, 900 mm for **0.95 Km** and 450 mm for **2.8 Km** in **Mangalore**.

**Output 2: Water resource planning, monitoring and service delivery of urban local bodies improved.**

The output includes:

- (i) Operational capacity strengthened through policy and institutional reform actions;
- (ii) Gender responsive and inclusive service delivery systems institutionalized; and
- (iii) Climate resilient policy actions implemented.

**Output 3: Institutional capacity of executing agency and urban local bodies strengthened.**

The output includes:

- (i) Project management and service delivery capacity of PMU/ PIU/ concerned ULB staff strengthened;
- (ii) Key stakeholders sensitized on project scope, water conservation, non-revenue water reduction, gender and social inclusion in urban governance; and



Table A1.1: Summary of Infrastructure Outputs per Town

Sector	Indicator*	Town				Total/Average
		Mangalore	Udupi	Kundapura	Puttur	
water	Current Coverage (%)	82	66.77	35	57.76	60.4
	Target Coverage (%)	> 95	> 95	80	> 95	> 91.25
	Current number of Beneficiary Population	4,12,300	1,07,200	14,474	45,202	5,79,176
	Target Total number of Beneficiary Population	5,45,000	1,40,000	23,775	57,000	7,65,775
	Current NRW Estimate (%)	68.93	47	21.44	32	42.3
	Target NRW after completion of the project (%)	15%	15%	15%	15%	15%
	Current average hours of water supply (hrs)	18	10	8	8	11
	Target average hours of water supply (hrs)	24	24	24	24	24
	Current HH connections	78,969	16,870	4,200	8,441	108,480
	Target replacement of existing HSC with metered HSC	78,969	0	0	0	78,969
	Target additional HSC with meters	11,031	15,000	2,250	4,500	32,781
	Target replacement of the existing meters	0	16,870	4,200	8,441	29,511
	Current water treatment capacity (MLD)	160	27.24	7.6	6.8	202
	Add'l water treatment capacity (MLD)	0	0	0	8.7	8.7
	Current storage capacity (ML)	35.94	11.65	1.5	3.33	52
	Add'l storage capacity (ML)	17.25	5.2	0.9	4.55	28
	Current length of piped network (Km)	764	402.82	58.21	175.2	1,400
	Add'l water supply distribution network (Km)	789	358.17	31.64	142.66	1,321
Sanitation	Current number of Beneficiary Population	160,591				160,591
	Target Total number of Beneficiary Population	193,590				193,590
	Length of existing sewer network (Km)	800				800
	Length of new sewer network proposed under KIUWMIP (Km)	0				0
	Length of sewer network rehabilitated under KUIWMIP (Km)	11.4				11.4

\* Current: as of the end of 2017, Target: as of the project completion.

### Attachment A1.1: Summary of Feasibility Engineering Designs (Water Supply)

The proposed 24/7 water supply projects through KIUWMIP being supported by ADB for the four coastal towns comprising of Mangalore, Puttur, Udupi and Kundapura, besides sewerage improvements in Mangalore are critical in the IWRM perspective owing to its location in the fragile Western Ghats region and their clustering possibilities justify the investment to improve the water supply in these towns. Moreover, the towns can take full advantage of the already created assets under the KUDCEMP. Summary of the Technical Proposals contemplated in the Tranche 02 Towns for achieving 24/7 water supply is detailed below:

#### Mangalore:

The project is proposed to cover 100% of all households, WTP construction works are to be carried out without disturbing the existing water supply system to the Mangalore city. In the existing Settling pond conventional type of WTP is proposed and will be taken up through reputed agency on Item rate Basis.

- a. **Clear Water Feeder Mains:** Laying of **59.45 km** clear water feeder main from Master Balancing reservoirs to OHTs/GLSRs
- b. **Service Reservoirs:** Construction of **14 OHTs** and **2 GLSRs** of total capacity of **17.25 ML**
- c. **Distribution System:** Laying of 789 Kms of Distribution pipe lines
- d. **Metered House Service Connections:** Replacement of **78,969** existing house service connections along with water meter, and providing new metered HSC of **11,031** for uncovered households.

#### Udupi:

The water supply project in Udupi town is proposed for upgradation of existing distribution lines, replacement of existing old transmission lines and replacement of old faulty meters in HSCs. Rehabilitation and Replacement of old WTP to augment water supply being proposed under State funding.

- a. **Clear Water Feeder Mains:** Clear Water feeder mains of DI & MS pipes of dia ranging from 150mm to 355.60mm are proposed for a length of 7.47 Kms to feed the clear water to newly proposed OHTs.
- b. **Service Reservoirs:** Construction of 7 Over Head Tanks of total capacity of 5.2 ML.
- c. **Distribution System:** Construction of 358.16 Km of distribution line
- d. **Metered House Service Connections:** Replacement of **16,870** existing meters and providing new metered HSC of **15,000** for uncovered households

#### Kundapura:

The water supply project in Kundapura would cover 6,450 households in the town as of now only 4200 households are connected to the water supply system. Balance households are not having piped water supply connection. It is proposed to provide all house service connections with water meters. The sub-project is proposed to implement the following components:

- a. **Intake Works:** The intake works & Jack Well at Jambu( Japthi Village) is sufficient to supply the raw water of **9.37 MLD** to WTP along with the up gradation of non-working electromechanical equipment's. A diesel generator set has been proposed for the uninterrupted power supply to the Jack well.
- b. **Water Treatment Plant:** Renovation of the existing WTP capacity of 7.60 MLD at Japthi Village
- c. **Clear Water Feeder Mains:** Laying of 4.8 km feeder main tapping from existing clear water main with 200 mm dia DI K-9 Class pipe to proposed OHT located at Kodi for newly added zone-4.

- d. **Service Reservoirs:** Construction of **2 OHTs** with a total capacity of **0.9 ML** in **Kundapura**
- e. **Distribution System:** Extension of 31.64 km distribution pipe lines. This network will have 75 mm to 250 mm diameter, HDPE pipes and it will reduce distribution losses to about 15 %.
- f. **Metered House Service Connections:** Replacement of 4200 existing meters and providing new metered HSC of 2250 for un-covered households.

#### **Puttur:**

The population benefitted with improved water supply services along with metering provision limited to Puttur ULB will be 57000 after project completion. It is also proposed to construct WTP works without disturbing the existing WTP of conventional type on Turn-key Basis. The salient features of the sub-project are as follows:

- a. **Intake Works:** The intake works at Nekkilady Jack well is proposed by replacing the 2 old pumps to feed the raw water to 8.7 MLD WTP along with the up gradation of electromechanical equipment's. A diesel generator set has been proposed for the un-interrupted power supply to the Jack well.
- b. **Raw Water Main:** Proposed 1.68 km raw water transmission main from Nekkilady jack well to WTP with 400 mm dia DI K-9 Class pipe.
- c. **Water Treatment Plants:** Renovation and up gradation of Nekkilady WTP from the current capacity of 2.7 MLD to 8.7 MLD
- d. **Clear Water Transmission Mains:** Laying of 12.42 km clear water transmission main from proposed new WTP to Thenkila master balancing reservoir with 400 mm dia DI K-9 Class pipe.
- e. **Clear Water Feeder Mains:** Construction of 5.06 Km of Feeder mains.
- f. **Service Reservoirs:** Construction of 6 OHTs and 2 GLSRs with a total capacity of 4.55 ML in **Puttur**
- g. **Distribution System:** Extension of 142.66 km distribution pipe lines. This network will have 75 mm to 250 mm diameter, HDPE and DI pipes and it will reduce distribution losses to about 15 %.
- h. **Metered House Service Connections:** Replacement of **8,441** existing meters and providing new metered HSC of **4,500** for un-covered households in **Puttur**.

**Attachment A1.2: Summary of Feasibility Engineering Designs (Sewerage)****Mangalore:**

The subproject proposed for Mangalore city is for replacement of old pumping mains of zone 3, Zone-4, Zone-6 and Zone 7 of the seven drainage zones, the city of which five being drained towards Gurupura River basin and the other two towards Nethravathi River basin. Sewer networks in these old areas are choked up and frequently overflowing at many locations and Manholes are punctured leading flow of sewage to natural Nalla. Laterite stone Manholes are collapsed at many places. Due to growth of City in past years this sewer networks don't have carriage capacity. These were proposed to be replaced with the following components:

- a. 1100 mm dia DI K9 class pipe Pumping Main amounting to 7.65 km Wet well No-3, Kudroli to STP at Kavoor, all along road;
- b. 900 mm dia DI K9 class pipe Pumping Main amounting to 0.95 km from Wet well No-4 , Kandathpalli to Wetwell No-3, Kudroli all along road;
- c. 450 mm dia DI K9 class pipe Pumping Main for a total length of 1.7 km from Wet Well No-6, Mulihitlu to Ridge Manhole near Morgans gate all along road; and
- d. 450 mm dia DI K9 class pipe Pumping Main for a total length of 1.10 km from Wet Well No-7, Jeppu Bappal to Ridge Manhole near Yekkur, inside old STP.

## PROCUREMENT PLAN

<b>Project Name:</b> Karnataka Integrated Urban Water Management Investment Program – Project 2	
<b>Project Number:</b> 43253-027	<b>Approval Number:</b> Not yet available
<b>Country:</b> India	<b>Executing Agency:</b> Karnataka Urban Infrastructure Development and Finance Corp.
<b>Project Financing Amount:</b> \$109.8 million <b>ADB Financing:</b> \$75 million <b>Cofinancing (ADB Administered):</b> NA <b>Non-ADB Financing:</b> \$34.8 million	<b>Implementing Agency:</b> Karnataka Urban Infrastructure Development and Finance Corp.
	<b>Project Closing Date:</b> 15 September 2023
<b>Date of First Procurement Plan:</b> 10 March 2017	<b>Date of this Procurement Plan:</b> 7 Sep 2018

### I. Process Thresholds, Review, and 18-Month Procurement Plan

#### A. Program Procurement Thresholds

1. Except as ADB may otherwise agree to, the following process thresholds shall apply to the procurement of goods and works.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding for Goods	\$1,000,000 and Above	Prior Review
National Competitive Bidding for Goods	Between \$100,000 and US999,999	Post Review. First set of NCB model documents to be reviewed by ADB prior to tendering for each type.
Shopping for Goods	Up to US99,999	Post Review
International Competitive Bidding for Works	US40,000,000 and Above	Prior Review
National Competitive Bidding for Works	Between \$100,000 and \$39,999,999	(i) Post Review for the contract between US\$100,000 and US\$19,999,999. First set of NCB model documents to be reviewed by ADB prior to tendering for each type. (ii) Prior Review for the contract between US\$20,000,000 and US\$39,999,999.
Shopping for Works	Up to \$99,999	Post Review

Consulting Services	
Method	Comments
Consultant's Qualification Selection for Consulting Firm	Prior Review
Fixed Budget Selection for Consulting Firm	Prior Review
Least-Cost Selection for Consulting Firm	Prior Review
Quality- and Cost-Based Selection for Consulting Firm	Prior Review
Quality-Based Selection for Consulting Firm	Prior Review
Single Source Selection for Consulting Firm	Prior Review
Individual Consultants Selection for Individual Consultant	Prior Review

## II. Goods and Works Contracts Estimated to Cost \$1 Million or More

2. The following table lists goods and works contracts for which procurement activity is either ongoing or expected to begin within the next 18 months.

**List of Contract Packages**

<b>Package Number</b>	<b>General Description</b>	<b>Number of Packages</b>	<b>Estimated Value (\$ million)</b>	<b>Procurement Method</b>	<b>Review (Prior/Post)</b>	<b>Advertisement Date (quarter/year)</b>	<b>Bidding Procedure</b>	<b>Comments</b>
<b>A. Water Supply</b>								
02KND01	Construction of Bulk & Distribution Network - Operator assisted in Kundapura	1	3.54	NCB	Post	June 2017	1S2E	Contract awarded: Dec. 2017
02PTR01	Construction of Bulk & Distribution Network - Operator assisted in Puttur	1	9.72	NCB	Post	Feb. 2018	1S2E	Contract ready for awards: Q3 2018
02UDP01	Construction of Distribution Network - Operator assisted in Udupi	1	13.60	NCB	Post	May 2018	1S2E	Contract ready for awards: Q3 2018
02MNG01	Construction of Bulk & Distribution Network - Operator assisted in Mangalore	1	42.53	ICB	Prior	Sep. 2018	1S2E	Contract ready for awards: Q4 2018
<b>B. Sewerage</b>								
02MNG02	Replacement of pumping mains Mangalore	1	14.40	NCB	Post	June 2017	1S2E	Contract awarded : Jan. 2018

ICB = international competitive bidding, NCB = national competitive bidding, PBMC = performance based management contract

### III. Consulting Services Contracts Estimated to Cost \$100,000 or More

3. The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior/ Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
1.	Project management, design and construction supervision consultant (PMD&CSC-Part II)	2.87	Government of Karnataka procured and financed	NA	1 Feb. 2018	QCBS	CA: Q2 2018
2.	Facility management and institutional development consultant (FMIDC-Project 2)	1.17	Government of Karnataka procured and financed	NA	Oct. 2018	QCBS	CA: Q1 2019
3.	Public communication, awareness, resettlement and rehabilitation consultant for Project 2 Town (PCARRC-Project 2)	1.00	Government of Karnataka procured and financed	NA	Oct. 2018	QCBS	CA: Q4 2018

### IV. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

4. The following table lists smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Goods and Works								
Package Number	General Description	Estimated Value	Number of Contracts	Procurement Method	Review (Prior/ Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
None								

Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior/ Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
None								

## V. Indicative List of Packages Required Under the Project

5. The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Comments
None							

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior/Post)	Type of Proposal	Comments
None							

## VI. List of Awarded and Ongoing, and Completed Contracts

6. The following tables list the awarded and on-going contracts, and completed contracts.

### a. Awarded and Ongoing Contracts

Goods and Works								
Package Number	General Description	Estimated Value	Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Date of Completion	Comments

Consulting Services								
Package Number	General Description	Estimated Value	Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Date of Completion	Comments



## VII. Non-ADB Financing

7. The following table lists goods, works and consulting services contracts over the life of the project, financed by non-ADB sources.

<b>Goods and Works</b>				
<b>General Description</b>	<b>Estimated Value (cumulative)</b>	<b>Estimated Number of Contracts</b>	<b>Procurement Method</b>	<b>Comments</b>

<b>Consulting Services</b>				
<b>General Description</b>	<b>Estimated Value (cumulative)</b>	<b>Estimated Number of Contracts</b>	<b>Recruitment Method</b>	<b>Comments</b>

## TERMS OF REFERENCE OF THE PROJECT CONSULTANTS

### INDICATIVE TERMS OF REFERENCE FOR PROJECT MANAGEMENT, DESIGN AND CONSTRUCTION SUPERVISION CONSULTANT (PMDSC) (PART-II) – PROJECT 2

Objective	<p>The objective of the project management, design and supervision consultant (PMDSC) (Project 2) is to provide assistance to central and regional project management units (PMUs) and project implementation units (PIUs) for implementing the second tranche of the Karnataka Integrated Urban Water Management Investment Program (KIUWMIP), which will be financed by an Asian Development Bank's (ADB's) loan under a Multitranchise Financing Facility (MFF).</p> <p>The investment program will aim to achieve sustainable water security in selected river subbasins in Karnataka through improving water resource management in urban areas. Project 2 will concentrate in delivering these objectives in 4 towns (Kundapura, Mangalore, Puttur, and Udupi) in Karnataka. Project 2 will deliver the objective through three outputs: (i) urban water and sanitation infrastructure expanded and upgraded; (ii) water resource planning, monitoring and service delivery improved; and (iii) institutional capacity of executing agency and urban local bodies strengthened.</p>
Scope of services	<p>The consultants will assist the PMU in preparing invitations and evaluating the bids. They will update design and drawing during construction based on the site-specific need, validate and approve design submitted by design build operate (DBO) contractors, carry out contract planning and review drawings prepared by the contractors. The consultants will provide the capacity building support to Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC) and urban local body (ULB) officials through training in procurement and contract management. The consultants will also supervise and manage construction activities on-site, carry out quality control, testing and reporting, monitor construction activities and certify contractor's progress claims.</p> <p>The consultants will be responsible for supporting and reviewing safeguards compliance, community mobilization and benefit monitoring and evaluation, as well as assisting the regional project management unit (RPMU) with overall project management for Project 2.</p>
Estimated assignment period	This assignment is estimated over 66 months, from Q2 2018 to Q3 2023
Financing sources	Government of Karnataka
Activities	<p>The activities include, but not limited to:</p> <p><b>Overall Management of Project 2</b></p> <ul style="list-style-type: none"> <li>• Assist KUIDFC in day-to-day management of project activities.</li> <li>• Coordinate planning, control, and management of the work of a multidisciplinary team.</li> <li>• Prepare and update construction implementation schedules and resource requirements (preferably in Microsoft Project Management) and overall project implementation schedule.</li> <li>• Monitor, evaluate the progress with regards to the schedule and report progress, and identify and resolve constraints.</li> <li>• Identify appropriate technologies and the need for standardization of equipment and materials.</li> <li>• Develop quality control mechanisms consistent with project management design and supervision consultants (PMDSC) 1 and parameters for subprojects/ components.</li> <li>• Establish a contract tracking systems, including implementation schedules and milestones achievable.</li> </ul>

	<ul style="list-style-type: none"> <li>• Assist KUIDFC in stakeholder consultations, seek their feedback and address their concerns where necessary.</li> <li>• Carry out baseline and benefit monitoring surveys.</li> <li>• Prepare and conduct training programs in procurement and contract management, and monitor the training impact and resulting performance improvements.</li> <li>• Ensure the contractors comply with environmental management plans, and approved environmental assessments.</li> <li>• Ensure the contractors to comply with ADB safeguards policy and agreed resettlement plan, that no civil works prior to complete compensation payment of relevant resettlement plan implementation.</li> <li>• Update costs and economic and financial information, when needed.</li> <li>• Prepare an asset registry for all assets built under the Project and ensure that as built drawings are transferred into the ULBs' geographic information system (GIS) for Project 2 towns.</li> <li>• Prepare monthly project progress reports in accordance with the project administration manual.</li> <li>• Assist the project management unit (PMU) in collecting the baseline data from primary sources, and monitoring the progress as per the project performance monitoring system as well as the service level benchmarks defined by the Ministry of Urban Development.</li> <li>• Assist the PMU and PIUs in other tasks as assigned by KUIDFC.</li> <li>• Assist the RPMU and PIUs for the recruitments of third independent party, as required, for monitoring and reporting land acquisition through willing buyer and willing seller mechanism.</li> <li>• Conduct ADB safeguards briefings on ADB SPS (2009), safeguards related procedures and requirements to RPMU staff, implementing agencies (ULB/PIU) staffs and contractors' prior project implementation in the concerned areas.</li> <li>• Collect base line data on gender equality and social inclusion (GESI) action plan implementation.</li> <li>• Assist the client to carry out awareness campaigns focused on involving women and girls in water management activities in the focus areas.</li> <li>• Design gender sensitive communication strategy and IEC materials illustrating key social and behavioural messages related to hygiene, sanitation and health</li> <li>• Assist the PIU in implementing the Project Gender Equality and Social Inclusion (GESI) Action Plan.</li> <li>• Accompany client in meetings with state government officials, police, local representatives, utility service providers as and when necessary.</li> <li>• Train the ULBs in smart water management, accounting, billing, and operation and maintenance of the assets created under the project.</li> <li>• Carry out orientation programs on safeguards, grievance redressal and gender impacts for KUIDFC and ULBs staff and the contractor as and when required.</li> </ul> <p><b>Design and Tender</b></p> <ul style="list-style-type: none"> <li>• Assist the PMU with all aspects of procurement including preparation of bid document, bid invitation, evaluation and award of work.</li> <li>• Assist the PMU to avoid or minimize impacts on involuntary land acquisition and resettlement (both permanent and temporal) in project activities.</li> <li>• Ensure designs are implementable on ground with the path of least disturbance to other utilities.</li> <li>• Recommend design, technology, and process based on the life cycles cost analysis.</li> <li>• Update the design and drawings based on the site-specific requirements.</li> <li>• Review and validate the design and drawings submitted by DBO contractors.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Update resettlement plan, initial environmental examination (IEE) including environmental management plan (EMP) and indigenous people's plan (IPP).</li> <li>• Assist the PMU and implementing agency for project disclosure and public consultations.</li> </ul> <p><b>Construction Supervision</b></p> <ul style="list-style-type: none"> <li>• Administer and manage the works and DBO contracts.</li> <li>• Provide most reasonable interpretation of technical specifications in consultation with the PMU.</li> <li>• Verify the surveyed maps and design in the light of the ground situation and make necessary modifications, if required, with approval by the PMU.</li> <li>• Scrutinize and improve the contractors' detailed work program and guide contractors for each contract.</li> <li>• Scrutinize the construction methods proposed by contractor including environmental, safety, personnel, and public issues.</li> <li>• Monitor the construction method by assessing the adequacy of the contractor's input materials, labor, equipment, and construction methods.</li> <li>• Assist PMU/ implementing agencies compliance with ADB Safeguards policy and requirement during Project 2 implementation.</li> <li>• Ensure compliance of contractors with ADB's procedures and guidelines for project implementation and management.</li> <li>• Review and modify the detailed construction drawings as necessary during the works contractual period.</li> <li>• Supervise and monitor construction work of each contract.</li> <li>• Monitor contractors' implementation of environmental standards, environmental and social safeguards, and GESI action plans, and provide contractors with mitigation measures in case of failures.</li> <li>• Establish quality assurance system including verification of source of material and certification.</li> <li>• Carry out necessary quality control activities and certify that the quality of works conforms to the specifications and drawings.</li> <li>• Supervise the construction of the various contract packages for achieving the expected outputs of the project.</li> <li>• Record the work measurement and certify the contractors' interim and final bill of payment.</li> <li>• Assist third party inspections, if necessary, as decided by the employer.</li> <li>• Review and finalize the "as built" drawings submitted by Contractor.</li> <li>• Assist the employer in issue of completion certificates.</li> <li>• Assist for resolution of all contractual issues including examining the contractor's claims for variations/ extensions, or additional compensations, etc., and prepare recommendations for approval by the employer.</li> <li>• Inspect the works at regular intervals during defect liability period and issue certifications.</li> <li>• Support, assist and provide guidance for complaints- resolution matters and implementation project Grievance Redress Mechanism (GRM) to the RPMU and implementing agencies, as required. Prepare the operation and maintenance manual of the mechanical assets created by the project in collaboration with the respective contractors and the public communication and social safeguards and gender specialist.</li> </ul>
<b>Output/report requirements</b>	<ul style="list-style-type: none"> <li>• Bid Evaluation Reports and associated documentation</li> <li>• Manuals for operations of mechanical assets</li> <li>• Draft completion certificates</li> <li>• Third party inspection reports</li> </ul>

	<ul style="list-style-type: none"> <li>• Monthly progress reports on physical, financial, safeguards and gender action plan compliance</li> <li>• Monthly progress report of each contract covering the aspects suggested by KUIDFC</li> <li>• Quarterly progress report as per the format of project memorandum administration</li> <li>• Project performance monitoring system updates</li> <li>• Draft semiannual safeguards monitoring reports</li> <li>• Briefing notes to the Project Director on project related issues</li> <li>• Inception report, progress reports, draft final report and final report</li> <li>• Project completion reports</li> <li>• Any other reports as requested by KUIDFC</li> </ul>																																																																																																						
<b>Office, support staff and equipment</b>	<p>The consultants will be responsible for any office rental and transportation. The consultants will quote the remuneration, per-diem, cost of support staff and assistants, and domestic travels.</p> <p>The cost of organizing workshop and meetings, office supplies, and communication will be paid out of the provisional sum.</p>																																																																																																						
<b>Inputs national</b>	<p>Estimated Input requirements</p> <table border="1"> <thead> <tr> <th></th><th>Positions</th><th>Type</th><th>Input T2</th></tr> </thead> <tbody> <tr> <td>1</td><td>Team Leader cum Construction Specialist</td><td>Nat'l</td><td>55</td></tr> <tr> <td>2</td><td>Water supply Engineer &amp; design engineer</td><td>Nat'l</td><td>24</td></tr> <tr> <td>3</td><td>Environment Specialist</td><td>Nat'l</td><td>30</td></tr> <tr> <td>4</td><td>Social Safeguards and Gender Specialist</td><td>Nat'l</td><td>30</td></tr> <tr> <td>5</td><td>Construction Supervision Specialist Mangalore WS</td><td>Nat'l</td><td>50</td></tr> <tr> <td>6</td><td>Construction Supervision Specialist Udupi WS</td><td>Nat'l</td><td>30</td></tr> <tr> <td>7</td><td>Construction Supervision Specialist Puttur WS</td><td>Nat'l</td><td>24</td></tr> <tr> <td>8</td><td>Construction Supervision Specialist Kundapura WS</td><td>Nat'l</td><td>24</td></tr> <tr> <td>9</td><td>Construction Supervision Specialist Mangalore Sewerage</td><td>Nat'l</td><td>30</td></tr> <tr> <td>10</td><td>Construction Supervision Specialist Udupi Sewerage</td><td>Nat'l</td><td>0</td></tr> <tr> <td>11</td><td>Construction Supervision Specialist Puttur Sewerage</td><td>Nat'l</td><td>0</td></tr> <tr> <td></td><td><b>Sub-Total</b></td><td></td><td>297</td></tr> <tr> <td></td><td><b>Non-Key Experts</b></td><td></td><td>174</td></tr> <tr> <td>1.</td><td>Mechanical Engineer</td><td></td><td>10</td></tr> <tr> <td>2.</td><td>Electrical Engineer</td><td></td><td>10</td></tr> <tr> <td>3.</td><td>Structural Engineer</td><td></td><td>10</td></tr> <tr> <td>4.</td><td>Resident Engineer 1 - Mangalore WS</td><td></td><td>40</td></tr> <tr> <td>5.</td><td>Resident Engineer 2 - Mangalore WS</td><td></td><td>40</td></tr> <tr> <td>6.</td><td>Resident Engineer 3 - Mangalore WS</td><td></td><td>40</td></tr> <tr> <td>7.</td><td>Resident Engineer - Udupi WS</td><td></td><td>30</td></tr> <tr> <td>8.</td><td>Resident Engineer - Puttur WS</td><td></td><td>30</td></tr> <tr> <td>9.</td><td>Resident Engineer - Kundapura WS</td><td></td><td>18</td></tr> <tr> <td>10.</td><td>Resident Engineer 1 - Mangalore sewerage</td><td></td><td>36</td></tr> <tr> <td>11.</td><td>Resident Engineer 2 - Mangalore Sewerage</td><td></td><td>0</td></tr> </tbody> </table>				Positions	Type	Input T2	1	Team Leader cum Construction Specialist	Nat'l	55	2	Water supply Engineer & design engineer	Nat'l	24	3	Environment Specialist	Nat'l	30	4	Social Safeguards and Gender Specialist	Nat'l	30	5	Construction Supervision Specialist Mangalore WS	Nat'l	50	6	Construction Supervision Specialist Udupi WS	Nat'l	30	7	Construction Supervision Specialist Puttur WS	Nat'l	24	8	Construction Supervision Specialist Kundapura WS	Nat'l	24	9	Construction Supervision Specialist Mangalore Sewerage	Nat'l	30	10	Construction Supervision Specialist Udupi Sewerage	Nat'l	0	11	Construction Supervision Specialist Puttur Sewerage	Nat'l	0		<b>Sub-Total</b>		297		<b>Non-Key Experts</b>		174	1.	Mechanical Engineer		10	2.	Electrical Engineer		10	3.	Structural Engineer		10	4.	Resident Engineer 1 - Mangalore WS		40	5.	Resident Engineer 2 - Mangalore WS		40	6.	Resident Engineer 3 - Mangalore WS		40	7.	Resident Engineer - Udupi WS		30	8.	Resident Engineer - Puttur WS		30	9.	Resident Engineer - Kundapura WS		18	10.	Resident Engineer 1 - Mangalore sewerage		36	11.	Resident Engineer 2 - Mangalore Sewerage		0
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<b>Mode of Recruitment</b>	12.	Resident Engineer - Udupi 1 Sewerage		0
	13.	Resident Engineer - Udupi 2 Sewerage		0
	14.	Resident Engineer - Puttur 1 Sewerage		0
	15.	Resident Engineer - Puttur 2 Sewerage		0
	16.	Quantity Surveyor		48
	17.	Auto CAD Drafts man-1		36
	18.	Auto CAD Drafts man-2		24
	19.	Data Entry Operator 1	Support	40
	20.	Data Entry Operator 2	Support	40
	21.	Office Manager Cum Executive assistant	Support	55
	22.	Technical Support staff (Contract and Safeguards)		400
		<b>Sub-Total</b>		<b>1107</b>
		<b>Total</b>		<b>1204</b>
	The firm will be recruited following the Quality-and Cost-Based Method.			

### INDICATIVE TERMS OF REFERENCE FOR FACILITY MANAGEMENT AND INSTITUTIONAL DEVELOPMENT CONSULTANT (FMIDC)- PROJECT 2

Objective	<p>The objective of the facility management and institutional development consultant (Project 2) is to provide assistance to central and regional project management units (PMUs) in implementing the Project 2 of the Karnataka Integrated Urban Water Management Investment Program (KIUWMIP), which will be financed by an Asian Development Bank's (ADB) loan under a multitranche financing facility (MFF).</p> <p>The investment program will aim to achieve sustainable water security in selected river subbasins in Karnataka through improving water resource management in urban areas. Project 2 will concentrate in delivering these objectives in 4 towns (Mangalore, Puttur, Kundapura and Udupi) in Karnataka. The towns will be defined prior to tendering of this package and will have been selected based on their commitment and performance in implementing water and urban reform improvements. Project 2 will deliver the objective through three outputs: (i) Urban water supply and sanitation infrastructure expanded and upgraded; (ii) Water resource planning, monitoring and service delivery improved; and (iii) Institutional capacity of executing agency and urban local bodies strengthened.</p> <p><b>Reform Implementation in Tranche-2 Towns.</b> Firstly, the program will promote the Integrated Water Resources Management (IWRM) and financial management reforms. For this purpose, a two-phase methodology will be followed (for project 2). In Project 2, towns will be able to draw a small amount of funds to enable them to undertake water and energy audits, ascertain the condition of existing assets, undertake water planning exercises and achieve improvements in financial management (particularly collection efficiencies). Upon meeting pre-agreed criteria parameters – such as (i) achieving water tariff collection efficiencies in excess of 85%, (ii) updating of customer databases, (iii) completion of preliminary water balances and asset mapping and condition assessments and identification of illegal connections, and (iv) city-level water and sanitation Master Plans – the urban local body (ULB) would then receive approval for further physical investments. A separate small pool funding (urban local bodies incentive fund [UIF]) allocation will be made under Project 2 to assist ULBs undertake rapid assessments. The subproject preparation under UIF consists of three stages: (i) reform willingness (with access to self-help fund), (ii) preparation of water sector Master Plan and concept paper, and (iii) full feasibility study. This consultancy will assist KUIDFC in handling stages (i) and (ii) (named as Project 2), and overall management, monitoring and evaluation of the entire MFF and its tranches.</p>
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	<p><b>Progressing ULB Reforms through information technology.</b> Secondly, building on the extensive work undertaken by the Karnataka Municipal Reform Cell (KMRC) to date, (i) supplementary utility-based information technology modules for geographic information system (GIS), management information system (MIS), asset management and volumetric tariff setting (to assist demand management) and, (ii) new modules for water accounting and water quality and effluent discharge reports, will be developed in partnership with this agency and rolled out.</p> <p><b>State Level Reforms.</b> At state level, the program will support Government of Karnataka (i) establish the Water Council as a precursor regulatory body for drinking water supply and sanitation, (ii) develop a state policy to manage, meter and progressively phase out stand posts.</p>
Scope of Services	<p>The consultant will support KUIDFC Central PMU undertake its program management, monitoring and coordination and institutional reform monitoring functions:</p> <ul style="list-style-type: none"> <li>(i) assist the implementation of reforms through the operationalization and implementation of the ULB Incentive Pool Fund for Improved Water Sector Planning and Monitoring;</li> <li>(ii) assist KUIDFC and ULBs in implementation of utility reform and related IT modules; and</li> <li>(iii) monitor overall Program implementation, secure compliance with the agreed facility implementation program, and provide trainings for finance and accounts staff of KUIDFC and ULBs.</li> </ul>
Estimated assignment period	Four years, from Q1 2019 to Q4 2022.
Financing sources	Government of Karnataka
Activities	<p>The activities include, but not limited to:</p> <p><b>Urban Governance and Financial Reform</b></p> <ul style="list-style-type: none"> <li>(i) Manage the ULB subproject selection and investment process, including for Project 2 (access to UIF, committal to reform and subproject concept preparation and approval);</li> <li>(ii) Preparation/revisions of guidelines for accessing (a) 'UIF' to finance small elements of reform oriented program, and (b) information dissemination across the state;</li> <li>(iii) Preparation/ revisions of standardized forms defining processes and criteria, eligible items, targets and eligible preliminary investments and expenditures, basic costing and expected returns;</li> <li>(iv) Preparation/ revisions of standardized Memorandum of Understanding (MOUs) between KUIDFC and ULB linking reform objectives to access to funds in Project 2;</li> <li>(v) Define/ redefine criteria of eligibility for financing of works, thresholds and repayment to KUIDFC, as well as criteria enabling uptake of investments under Project 2;</li> <li>(vi) Assist KUIDFC in the evaluation of proposals submitted by ULBs;</li> <li>(vii) Provide direct advice to Project 2 ULBs in relation to the implementation of the reform agenda, including basic assistance to prepare and submit forms to KUIDFC;</li> <li>(viii) Support ULBs undertaking the reform action as per UIF for climate resilient sustainable operation and maintenance of water supply systems;</li> <li>(ix) Assist the ULBs in conducting procurement of small packages for equipment (e.g., bulk water meters, automatic shut off valves), services (e.g., water and energy audits, household surveys) and very minor civil works, compliant with agreed guidelines for procurement and recruitment of consultants;</li> <li>(x) Monitor implementation of reforms and preliminary works undertaken with financing from the ULB incentive fund and prepare period reports; and</li> <li>(xi) Provide recommendations for further uptake of ULBs under Project 2, i.e. large civil works, justifying completion of minimum reform committals;</li> </ul>

	<p><b>State Level Reforms</b></p> <ul style="list-style-type: none"> <li>(i) Assist Government of Karnataka in the implementation of the State policy on managing, metering and progressively phase out stand posts; including support for consultation, addressing feedback and official adoption and dissemination;</li> <li>(ii) Assist Government of Karnataka with establishing and operationalizing the Water Council, provide advice, and assist through the development of methodology and a model for tariff setting, and the preparation of customer service guidelines, service standards and performance indicators;</li> <li>(iii) In respect of tariff setting, coordinate and guide KMRC in the development of a module to be rolled out to ULBs across Karnataka;</li> <li>(iv) Review and analyze legal and institutional barriers and capacity constraints to sustainable management of water services by ULBs.</li> <li>(v) Assist KUIDFC develop appropriate SPV models and prepare articles of association or equivalent for regional company SPVs;</li> <li>(vi) Provide domain expertise to KMDS to develop and roll out following information technology modules for improving efficiency of urban water utilities/ ULB's water operation;</li> <li>(vii) Water audit (using International Water Association [IWA] water balance tools/ software) and continuous nonrevenue water assessment of each district metered area (DMA);</li> <li>(viii) Water quality for water supply and sewerage system;</li> <li>(ix) Dynamic asset management system (Mapping of all water and waste water assets with condition of each);</li> <li>(x) Water tariff determination model;</li> <li>(xi) Ring fencing of water operation account covering expenditure, revenue, billing collection and with details of arrears and current year demand and collection;</li> <li>(xii) Assist KMDS and ULBs in implementation of following information technology modules;</li> <li>(xiii) Water audit (based on baseline data) and continuous nonrevenue water (NRW) assessment of each DMA;</li> <li>(xiv) water quality for water supply entire system and reporting in websites;</li> <li>(xv) Dynamic asset management system (Mapping of all water and waste water assets with condition of each);</li> <li>(xvi) Water tariff determination model;</li> <li>(xvii) Ring fencing of water operation account covering expenditure, revenue, billing collection and with details of arrears and current year demand and collection;</li> <li>(xviii) Prepare guidelines for the preparation of urban water safety plans and assist PIUs in the preparation for program towns;</li> <li>(xix) Formation of water service charter with KPI and service level for all project towns;</li> <li>(xx) Support KUIDFC to draft and finalize State regulatory framework for urban water</li> <li>(xxi) Prepare model standard bid documents for the procurement of small civil works and goods (e.g. bulk water meters) to be utilized under the ULB incentive fund; and</li> <li>(xxii) Support ULBs to develop customer service and grievance redressal centre of water operation.</li> </ul> <p><b>Financial intermediation capacity enhancement for KUIDFC</b></p> <ul style="list-style-type: none"> <li>(i) Conduct comprehensive institutional audit;</li> <li>(ii) Assess project development and feasibility assessment capacity;</li> <li>(iii) Prepare action plans for business process reengineering of KUIDFC based on the findings of institutional audit;</li> <li>(iv) Prepare business and financial strategy plan; and</li> <li>(v) Develop Credit and Risk management policy.</li> </ul> <p><b>Program Management and Monitoring</b></p>
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	<ul style="list-style-type: none"><li>(i) Adopt the program management system (framework) created for the Tranche-1 in all tranches in Tranche-02 ULBs; given distance and communication constraints, a web-based system may be most appropriate with KUIDFC/ ULB access and selected sections for public disclosure;</li><li>(ii) Prepare common guidelines for benefit monitoring and evaluation and train all PIUs and ULBs accordingly;</li><li>(iii) Prepare a common repository system within PMU for secondary data across the program (with primary data being maintained at the district level);</li><li>(iv) Prepare and conduct training programs in financial management and accounting and monitor the training impact and resulting performance improvements;</li><li>(v) Support KUIDFC with any other activities relating to management and monitoring of the program; and</li><li>(vi) Prepare and agree common frameworks for reporting (a) progress (physical and financial), (b) accounts, (c) procurement, (d) safeguards compliance and (e) covenant compliance.</li></ul>																																								
Output/ report requirement s	<ul style="list-style-type: none"><li>(i) Program performance monitoring system baseline data and their semi-annual updates in accordance with the facility administration manual;</li><li>(ii) Consolidated quarterly progress reports for all tranches;</li><li>(iii) Draft volumetric tariff for water supply and sewerage service model and service standards and guidelines;</li><li>(iv) Prepare institutional audit report for KIUDFC and institution re-structuring plan for KUIDFC to become financial intermediary;</li><li>(v) Prepare water service charter with KPI and service level;</li><li>(vi) Draft notifications as requested by the PMU;</li><li>(vii) Updated draft articles of association or equivalent for regional company SPVs;</li><li>(viii) Assessment of legal and institutional barriers and capacity constraints to sustainable management of water services by ULBs;</li><li>(ix) Fund guidelines, access and management forms, draft MOUs, information dissemination materials;</li><li>(x) Model terms of references and bid documents for various ULB incentive fund target activities.</li><li>(xi) Guideline, templates and outline of safeguards reports and monitoring reports in consultations with safeguards specialist of KUIDFC/ RPMU;</li><li>(xii) Semi-annual fund reports; and</li><li>(xiii) Inception report, progress reports, draft final report and final report.</li></ul>																																								
Office, support staff and equipment	<p>The PMU will provide office accommodation and office equipment, including desks and chairs.</p> <p>The consultants will quote the remuneration, per-diem, cost of support staff and assistants, and domestic travels.</p> <p>The cost of organizing workshop and meetings, office supplies, communication and annual subscription for on-line database services will be paid out of the provisional sum, subject to prior approval by KUIDFC.</p>																																								
Inputs Nat. = 158 person- months	<table><tr><th colspan="4">Estimated Input Requirements</th></tr><tr><th></th><th>Positions</th><th>Type</th><th>Inputs T2</th></tr><tr><td>1</td><td>Urban Water Utility Specialist/Team Leader</td><td>Nat'l</td><td>30</td></tr><tr><td>2</td><td>Governance / Institutional Specialist (Financial Intermediary Spl)</td><td>Nat'l</td><td>18</td></tr><tr><td>3</td><td>Water Regulation Specialist</td><td>Nat'l</td><td>12</td></tr><tr><td>4</td><td>Infrastructure Finance Specialist</td><td>Nat'l</td><td>18</td></tr><tr><td>5</td><td>Watershed Management Specialist</td><td>Nat'l</td><td>12</td></tr><tr><td>6</td><td>Legal Expert</td><td>Nat'l</td><td>8</td></tr><tr><td>7</td><td>IT Expert (Urban Water Utility system)</td><td>Nat'l</td><td>12</td></tr><tr><td>8</td><td>Municipal/ Urban Governance Specialist</td><td>Nat'l</td><td>15</td></tr></table>	Estimated Input Requirements					Positions	Type	Inputs T2	1	Urban Water Utility Specialist/Team Leader	Nat'l	30	2	Governance / Institutional Specialist (Financial Intermediary Spl)	Nat'l	18	3	Water Regulation Specialist	Nat'l	12	4	Infrastructure Finance Specialist	Nat'l	18	5	Watershed Management Specialist	Nat'l	12	6	Legal Expert	Nat'l	8	7	IT Expert (Urban Water Utility system)	Nat'l	12	8	Municipal/ Urban Governance Specialist	Nat'l	15
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7	IT Expert (Urban Water Utility system)	Nat'l	12																																						
8	Municipal/ Urban Governance Specialist	Nat'l	15																																						

	9	Monitoring and Evaluation Specialist	Nat'l	48
		<b>Total</b>		173
	Source: ADB estimates.			
Recruitment	The firm will be recruited following the Quality-and Cost-Based Method.			

**INDICATIVE TERMS OF REFERENCE FOR  
COMMUNITY AWARENESS, PARTICIPATION; RESETTLEMENT AND REHABILITATION (CAPRR)  
CONSULTANTS FOR PROJECT 2 TOWNS**

<b>Background</b>	The investment program will aim to achieve sustainable water security in selected river subbasins in Karnataka through improving water resource management in urban areas. Project 2 will concentrate in delivering these objectives in four towns (Kundapura, Mangalore, Puttur, and Udupi) in Karnataka. The towns will be defined prior to tendering of this package and will have been selected based on their commitment and performance in implementing water and urban reform improvements. Project 2 is expected will deliver the objective through three outputs: (i) urban water supply and sanitation infrastructure expanded and upgraded; (ii) water resource planning, monitoring and service delivery improved; and (iii) institutional capacity of executing agency and urban local bodies strengthened.
<b>Objective &amp; Scope</b>	The CAPRR consultants scope of service will include, but not restricted to, implementation, monitoring & reporting of the community awareness & participation plan (CAPP); gender equality and social inclusion (GESI) action plan, Environmental safeguards and resettlement and rehabilitation activities. The CAPRR consultants will be located at regional project management unit (RPMU) and will work under the overall guidance, supervision and direction of the Task Manager and deputy project director. The consultants will mobilize local nongovernment organization (NGOs)/ staff at the project implementation unit (PIU)/ town level (four towns), for field level implementation, coordination and reporting. Adequate provisions for field level functionaries will be established for effective and timely implementation of activities. To ensure seamless coordination, the consultants will prepare workplans with timelines in close coordination with project management unit (PMU), RPMU, PIU, program management and design and supervision consultants. The workplan, along with detailed inception report will be submitted to the Task Manager for review and approval.
<b>'Estimated assignment Period</b>	This assignment is estimated over 66 months from Q2 2018 to Q3 2023.
<b>Financing sources</b>	Through Government of Karnataka funding
<b>Detailed Tasks</b>	<p><b>The scope of services will include but not necessarily be limited to the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Baseline data collection and Survey:</b> Prepare socio economic survey methodology including questionnaire for baseline socioeconomic survey- to include at least 150 households in the project location. Employ stratified sampling technique and ensure primary data collection in the 4 program cities. The survey will include questions on socio economic status, gender, service gaps, community needs, vulnerability, poverty and marginalization, available social capital, available and preferred service levels, willingness to pay. An analytical report will be prepared by the end of the survey. The baseline survey will ensure that data is disaggregated based on sex and other relevant exclusion indicators.</li> <li>• <b>Stakeholder mapping to develop customized communication strategies:</b> Mapping of relevant stakeholders and developing customized/appropriate communication strategy. Identify stakeholders in each urban local body (ULB) through participatory interactions with key stakeholders. Ensure that stakeholder mapping process includes the most disadvantaged and vulnerable. GESI relevant stakeholders must be included in the mapping and activities are planned keeping in mind special needs of women and other socially excluded groups.</li> <li>• <b>Community awareness plan and implementation:</b> Based on the above exercise and review existing Information Education &amp; Communication (IEC) materials, media campaigns of various departments the CAPRR Consultants will carry out the following</li> </ul>

	<ul style="list-style-type: none"> <li>➤ Prepare a community participation plan in consultation with the ULBs and the PIU. The community participation plan should target participation of community at all stages of the project, ensure that the benefits are maximized and the project objectives are met through smooth implementation;</li> <li>➤ The consultant would support the ULBs to disseminate to the customers/ end users, particularly in slums and low-income areas about the importance of individual house connections, advantages of continuous water supply (24/7 water supply) and convince them to opt for individual house connections. They should involve the communities in water conservation and conduct focus group discussions in slum areas covering health, hygiene, behavioral change and sanitation issues. The consultants will help KUIDFC in installing agreed number of billboards, and disseminate other agreed materials, to advocate benefits of access to water and sanitation to women and girl children. They would also arrange agreed number and type of public service advertisements on water, sanitation, hygiene and gender in local radio, local newspapers and Cable (strip advertisements) television;</li> <li>➤ Conduct regular based on approved event calendar (numbers and types will be agreed with KUIDFC and ULBs) awareness programs at schools, focusing on water conservation benefit, 24/7 water facilities and sanitation. They will arrange creative activities (e.g. painting/ essay-writing/ theatre/ story-telling/ singing etc. with project-related themes) in local schools, obtain feedback from children and document and take any required follow-up actions;</li> <li>➤ The consultant will hold sensitization workshop for the elected representatives, community leader and citizens' forums about water conservation benefit, 24 x7 water facilities, water meters, telescopic tariffs, changes in behavioral aspects like switching over from traditional practices to continuous water supply and clarify the role of the private operator for 24/7 water supply;</li> <li>➤ The consultants should conduct extensive IEC campaign based on approved event calendar regarding the importance of the 24 x7 water facilities, water meters, telescopic tariffs, changes in behavioral aspects like switching over from traditional practices to continuous water supply and clarify the role of the private operator for 24/7 water supply;</li> <li>➤ The consultants will plan and conduct the community need assessment survey and disseminate the result in the workshop to make service delivery system inclusive; and</li> <li>➤ The consultants also need to ensure through CAPP activities that the project components are executed smoothly.</li> </ul> <ul style="list-style-type: none"> <li>• <b>Assistance to RPMU in implementation of GESI:</b> The consultant will be primarily responsible for implementation of GESI activities including: <ul style="list-style-type: none"> <li>➤ Undertake poverty mapping using census data and conduct sample survey in all four ULBs to assess community needs and to make the service delivery pro poor and gender responsive;</li> <li>➤ Consult PMU/ PIU/ ULBs to ensure that gender-responsive, pro-poor and inclusive project design achieved with respect to: (i) project coverage include 100% identified poor clusters; and (ii) project design/ implementation considers women's views on facilities' locations at household and community level;</li> <li>➤ Establish WSCs in Project ULBs according to the WSC modalities defined in the GESI. WSC members to be trained as master trainers and community mobilisers to create awareness on the project and WATSAN;</li> <li>➤ Train selected members of each WSC trained as master trainer in community mobilisation and the activities of WSC and the opportunities arising from the project. They would also conduct women-only project;</li> <li>➤ Train selected members of each WSC as master trainer in community mobilisation and the activities of WSC and the opportunities arising from the project. They would also conduct women-only project orientation seminars;</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>➤ Include GESI training in all workshops for PMU, PIUs and ULB staff &amp; awareness activities as indicated in the GESI for all relevant stakeholders;</li> <li>➤ Provide agreed number of trainings on implementation of GESI action plan. Orient the PMU, PIU, project consultants, project contractors and ULBs about gender responsive-project management, implementation and operation and maintenance (O&amp;M). They would arrange agreed number of trainings; and</li> <li>➤ Collect necessary information required to track the implementation progress of the GESI action plan would be provided by the CAPRR consultants to the PMU/ PIU/ ULBs/ other project consultants on a monthly basis.</li> </ul> <ul style="list-style-type: none"> <li>• Support ULBs in implementation of reform activities proposed in UIF guideline: It includes but not limited to: <ul style="list-style-type: none"> <li>➤ Strengthen ULB compliance mechanisms to ensure improved implementation of legislations related to protective provisions for women employees/ labor and socially disadvantaged groups; and</li> <li>➤ Assist ULB to prepare, maintain, publish sex disaggregated database on staff, elected representatives and members of standing committees.</li> </ul> </li> <li>• <b>Implementation of Resettlement Plan &amp; Rehabilitation activities:</b> The CAPRR consultants will assist KUIDFC in implementing and monitoring of Resettlement Plans <ul style="list-style-type: none"> <li>➤ Socio economic survey of the displaced persons, preparation of list of project affected persons, listing their losses and entitlements, with due verification including actual measurement of total loss/ damage. Identification of vulnerable groups;</li> <li>➤ Disclosure of affected land and list of affected families and persons in the local newspaper/ municipality website/ public places in local language, Identification of temporary displacement places;</li> <li>➤ Verification of land acquisition/negotiated settlement/procurement process with proper documentation before start of construction of each package;</li> <li>➤ Educating displaced persons facing permanent or temporary impacts, including non-titleholders on their entitlements and obligations;</li> <li>➤ Assistance for formation of Grievance Redressal Mechanism (GRM) at Municipality level as per the resettlement framework; awareness generation among displaced persons on the GRM and ensuring that grievances of displaced persons are registered and follow-through to ensure that addressed as per GRM timelines;</li> <li>➤ Motivation of affected persons to ensure proper utilization of the compensation money for purchase of equipment and tools especially vulnerable families;</li> <li>➤ Distribution of compensation for displace persons and temporary displaced persons;</li> <li>➤ Ensuring that displaced persons receive their full entitlements and documenting the same; assistance to displaced persons to open bank accounts, if required;</li> <li>➤ Identification of options of displaced persons for enhancement of their livelihoods, in consultation with the displaced persons;</li> <li>➤ Identification of local resource institutions for income generating activities (IGA) for displaced persons;</li> <li>➤ Organizing IGA for displaced persons and linking displaced persons with other Government Departmental schemes for enhancement of livelihood promotions. Preparation of documentation on best practices on rehabilitation and resettlement related issues;</li> <li>➤ Provide data on inputs, outputs and impact indicators for the ULB to monitor resettlement plan implementation. Also, maintain sex disaggregated beneficiary data on all activities related to rehabilitation and resettlement;</li> <li>➤ Assistance to ULB to announce cut-off date and issue identity cards to eligible displaced persons;</li> <li>➤ Assist ULB to undertake public information campaign in Kannada at the commencement of the project to inform the affected communities in the temporary</li> </ul> </li> </ul>
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	<p>impact zone along construction sites. Ensure that full information on eligibility, duration of impact and entitlements is provided to all displaced persons;</p> <ul style="list-style-type: none"> <li>➤ Provide Orientation/ Training/Update the ULB and Project Officials about the agreed Resettlement Framework for the project, Land Acquisition, Rehabilitation and Resettlement Act, 2013(LARR) and ADB SPS 2009;</li> <li>➤ Assist the PIU with compliance to labour laws, prohibition of child labour and gender specific labor laws;</li> <li>➤ Assist the PIU in submitting monitoring reports on resettlement plan implementation, including socioeconomic status of displaced persons before and after resettlement plan implementation;</li> <li>➤ Develop rapport between the displaced persons and project authorities, conduct regular consultation meetings with the potential displaced persons and ULBs, the consultant will be responsible for assisting the displaced persons during physical resettlement if any and rehabilitation process and shall ensure that all provisions laid in the resettlement plan are implemented appropriately and effectively. The task will be as follows but not restricted to these alone;</li> <li>➤ Develop rapport between displaced persons and project authorities through regular meetings and consultations involving the ULB personnel and the displaced persons. Ensure that displaced persons were able to voice their concerns in meetings and their voices are heard. Meetings with the ULBs and displaced person will be held once in a fortnight and whenever necessary throughout the implementation period, all meetings and decisions taken will be documented.</li> <li>➤ Identify and verify project beneficiaries/ displaced persons through survey and distribute identity cards to eligible persons only;</li> <li>➤ Assist displaced persons in relocation, rehabilitation and in getting compensation for their land and properties acquired for the project and receiving resettlement assistances as per resettlement plan, including counseling and coordination with the local authorities;</li> <li>➤ Assist displaced persons in grievance redressal;</li> <li>➤ Assist project authorities in making arrangements for smooth relocation of the affected persons and their businesses if required, this will involve close consultation with the displaced persons to ensure that the arrangements are acceptable to them;</li> <li>➤ Ensure proper utilization of compensation money by the displaced persons particularly the vulnerable displaced persons for purchase of equipment and tools received under economic rehabilitation programme; and</li> <li>➤ Assist the displaced persons in getting benefits from various government development programmes particularly for income restoration and housing, the consultant will coordinate the training programme for sustainable livelihood and to assist in identifying the required skill for livelihood restoration.</li> </ul> <p><b>Documentation of activities and Impact Assessments</b></p> <ul style="list-style-type: none"> <li>➤ The consultants will ensure maintaining proper documentation and record of each activity. Local media – print, radio and television- will be used to showcase important events. The RPMU and PIU will be given prior intimation of the same;</li> <li>➤ Documentation of mass events, consultations, workshops, seminar, trainings etc. will include sex disaggregated participant data, signature sheets, event objectives, methodology, agenda and feedback from participants. A template that covers all these aspects can be created to ensure consistency in reporting; and</li> <li>➤ Short term impact assessment methodology will be developed to assess impacts created within community of awareness generation campaigns and activities. Qualitative aspects of impacts, through testimonials and in-depth interviews will be collated and documented. This will be supplemented with photographic evidence where ever applicable.</li> </ul>
<b>Output/report requirements</b>	<ul style="list-style-type: none"> <li>i. Inception report with work plan, implementation framework, monitoring formats and time lines;</li> <li>ii. Independent verification reports to ULBs;</li> </ul>

	iii. Monthly progress reports; iv. GESI quarterly updates; v. Community Awareness and Participation Plan implementation update; vi. Resettlement plan implementation monitoring report; and vii. Draft Final and Finals reports			
Inputs Nat. = 96 person-months	Estimated Input Requirements			
		Positions	Type	Inputs
	1	Team Leader / Social and Community Development Specialist	National	50
	2	Public Communication Specialist -Mangaluru	National	30
	3	Public Communication Specialist -Udupi	National	20
	4	Public Communication Specialist -Kundapura	National	10
	5	Public Communication Specialist -Puttur	National	10
	6	Gender Specialist-1	National	30
	7	Resettlement / Rehabilitation Specialist	National	24
	8	Community Organiser-1	National	25
	9	Community Organiser-1	National	25
	10	Community Organiser-1	National	25
	11	Community Organiser-1	National	25
	12	Community Organiser-1	National	25
	13	Community Organiser-1	National	25
	14	Community Organiser-1	National	25
	15	Community Organiser-1	National	25
	16	Community Organiser-1	National	25
	17	Community Organiser-1	National	25
	18	Community Organiser-1	National	25
	19	Community Organiser-1	National	25
	20	Community Organiser-1	National	25
	21	Community Organiser-1	National	25
	22	Community Organiser-1	National	25
	23	Community Organiser-1	National	25
	24	Documentation Specialist	National	24
		Total		598
	Source: ADB estimates.			
Recruitment	The consultant will be recruited following the Quality and Cost-Based-Method. A performance-based lumpsum contract will be executed (As per the Government of Karnataka procurement Guidelines)			

### GENDER EQUALITY AND SOCIAL INCLUSION ACTION PLAN

Activities	Indicators and Targets	Responsibility	Timeline
<b>Output 1: Urban water supply and sanitation infrastructure expanded and upgraded</b>			
1.1. Provide safe and reliable drinking water supply in project towns	(i) Households (0.14 million) in four project towns have access to continuous piped potable water, with free or subsidized house service water connections for poor women-headed and vulnerable households <sup>a</sup> (Target: 100% poor women-headed and vulnerable households identified during ward level door-to-door connection campaigns) (2017 baseline: 0) (ii) Government schools, colleges, hospitals, primary and community health centers in project towns including those exclusively serving women/ girls, have access to free connections and subsidized continuous piped potable water supply services (Target: 100% government education and health institutions in four project towns, including institutions for women and girls) (2017 baseline: not known)	KUIDFC with support from consultants, CAPRRC and ULBs	Year 3-4
<b>Output 2: Water resource planning, monitoring, and service delivery of ULBs improved</b>			
2.1 Institutionalize inclusive service delivery <sup>b</sup>	(i) Forty WSC <sup>c</sup> constituted in target slums of four project towns, with equitable representation of female members (Target: (50% women members/WSC) (2017 baseline: 0) (ii) WSC members (5/WSC [40 WSCs], total 200) trained as master trainers in community mobilization and awareness generation on WSC activities and opportunities arising from the project (Target: 50% female WSC members) (2017 baseline: 0)	CAPRRC in coordination with ULBs	Year 2-4
2.2 Conduct community consultation and awareness generation activities <sup>d</sup>	(i) Public awareness campaigns (5/town [Kundapura and Puttur] total 10 events, 500 persons, and 10/town [Mangalore and Udupi], total 20 events, 1000 persons) on water conservation, demand management, behavior change for 24/7 water supply, water quality and WASH conducted (Target: 33% women participation in each mixed event) (ii) One focused program for adolescent girls in each town (1/town [4 towns], total 4) (Target: 200 girls) (2017 baseline: 0) (iii) Two door-to-door water connection campaigns per ward, including slum households (Target: 50% women participation) (2017 baseline: 0)	CAPRRC in coordination with ULBs	Years 2-4
2.3 Conduct survey to assess community needs with regard to pro poor and gender responsive service delivery system	(i) Representative sample socioeconomic survey conducted in all four ULBs (2 localities/town [4 towns], total 8), and findings incorporated in project design and disseminated through workshops (1/town [4 towns], total 4) to ULB staff, elected representatives and KUIDFC (Target: 90% women staff of ULBs, KUIDFC and elected representatives) (2017 baseline: 0)	CAPRRC in coordination with ULBs	Year 1-4



Activities	Indicators and Targets	Responsibility	Timeline
<b>Output 3: Institutional capacity of executing agency and ULBs strengthened</b>			
3.1 Establish mechanisms to inform and support the creation of equal employment opportunities in ULBs	(i) All four ULBs maintain and publish sex disaggregated database on elected representatives, members of standing committees and staff (2017 baseline: 0)	KUIDFC, ULBs with support from CAPRRC	Year 2-4
3.2 Conduct orientation of elected representatives	(i) Orientation programs (2/town [4 towns], total 8) conducted for 100 elected representatives on gender and social inclusion in urban development, municipal functioning, and project scope, benefits and timelines (Target: 33% representation of elected women representatives) (2017 baseline: 0)	CAPRRC with ULBs, in partnership with State Institute of Urban Development, Mysuru	Year 2-4
3.3 Train/ build capacity of PMU/ PIU/ concerned ULB staff	(i) Training (1/town/year [4 towns], total 16) of 200 staff conducted on the topics (i) project management, (ii) water conservation and nonrevenue water reduction, (iii) service delivery, and (iv) gender and social inclusion issues in urban governance, training effectiveness evaluated and findings documented and shared (Target: 90% eligible women staff) (2017 baseline: 0)	CAPRRC in coordination with ULBs	Year 1-4
3.4 Monitor and report on GESI action plan implementation	(i) CAPRRC specialists engaged to provide technical support on GESI action plan implementation (ii) GESI focal points appointed in each town (iii) Project performance monitoring system developed with GESI indicators and regularly updated with data disaggregated by sex and social group, including data on personnel employed by consultants, PMU and PIUs, and workers in all contracts (2017 baseline: 0)	KUIDFC with support from consultants, CAPRRC and ULBs	Monitor and report on GESI action plan implementation

CAPRRC = community awareness, participation, resettlement and rehabilitation consultant, GESI = gender equality and social inclusion, KUIDFC = Karnataka Urban Infrastructure Development and Finance Corporation, PIU = project implementation unit, PMU = project management unit, ULBs = urban local bodies, WASH = water, sanitation, and hygiene, WSC = water and sanitation committee.

<sup>a</sup> Connection form with specific fields to capture poverty and vulnerability indicators is designed and will capture these details.

<sup>b</sup> Wherever possible leverage WASH Committees /self-help groups/ Mahila Arogya Samities (MAS) to function as water and sanitation committees.

<sup>c</sup> WSC will sensitize beneficiaries regarding the benefits of the project, water conservation, sanitation and hygiene; ensure to maximize the community benefits during implementation and operation, help address concerns relating to metering, volumetric tariffs, and in clarifying the role of the private operator and bring sense of ownership about the assets created under the project.

<sup>d</sup> Master trainers will sensitise community members on project benefits, water conservation, underground drainage (UGD) system usage, solid waste management (SWM), health, hygiene including menstrual hygiene, etc.

## GENDER EQUALITY AND SOCIAL INCLUSION ACTION PLAN MONITORING AND REPORTING FORMAT

Evaluation Period:

Date Prepared:

Date Prepared:

GESI Activities and Targets/Indicators	Progress to Date		Issues and Challenges (Please include reasons why an activity was not fully implemented, or if targets fall short, or reasons for delay, etc.)
	Progress for the Quarter (Activities and achievements – quantitative and qualitative for the current quarter)	Cumulative Progress (Activities and achievements quantitative and qualitative for the past and current quarters)	
Output 1: Urban water supply and sanitation infrastructure expanded and upgraded			
Output 2: Water resource planning, monitoring, and service delivery of urban local bodies improved			
Output 3: Institutional capacity of executing agency and urban local bodies strengthened			

### COMMUNITY AWARENESS AND PARTICIPATION PLAN

Outputs and Types of Participation	Target Stakeholders	Objectives	Timeline/ Frequency	Responsibility
<b>Project Information Dissemination</b>				
1. Project orientation workshop organized by PMU for project awareness, consultation and shared responsibility <b>MOV:</b> Workshop agenda, participant list (disaggregated by sex) and workshop report.	Urban Development Department, ULBs; consultants; contractors, NGO(s), beneficiaries, affected persons	<ul style="list-style-type: none"> <li>• Introduce the project covering project scope, benefits and timelines.</li> <li>• Demonstrate the link between improved water supply and good health, hygiene and sanitation.</li> <li>• Briefing on safeguards policies, disclosure requirements, GRM, GESI and UIF.</li> <li>• Discuss roles and accountabilities of PMU/ PIU/ ULB, other government departments, contractor, operator and other stakeholders.</li> <li>• Seek feedback on proposed interventions, and build sense of ownership for the project.</li> </ul>	<ul style="list-style-type: none"> <li>• Twice, before start of contract execution in each project town</li> </ul>	<ul style="list-style-type: none"> <li>• PMU</li> <li>• RMPU</li> <li>• PIU</li> </ul>
2. Information dissemination among community members around project areas <b>MOV:</b> Participant list (disaggregated by sex), meeting report, content developed or shared, photographs.	Community members in each ULB	<ul style="list-style-type: none"> <li>• Sharing of specific details of the scope of the subproject, benefits to the community, likely challenges during implementation, timeline for contract implementation, and grievance redress process.</li> <li>• Demonstrate the link between improved water supply, sanitation, health, women's leadership roles and environmental protection.</li> <li>• Solicit views, suggestions on plans, design, location, management of water supply facilities and gather recommendations.</li> <li>• Project leaflet dissemination with involuntary resettlement entitlement matrix.</li> </ul>	<ul style="list-style-type: none"> <li>• Once, before start of contract execution at any new location, and once during execution.</li> </ul>	<ul style="list-style-type: none"> <li>• PMU</li> <li>• CAPRRC</li> </ul>

Outputs and Types of Participation	Target Stakeholders	Objectives	Timeline/Frequency	Responsibility
3. Conduct briefing of contractors on core labor standards, health and safety and ADB safeguard policies. <b>Target:</b> 100% contractors are oriented <b>MOV:</b> briefing reports and attendance sheets, photographs	Contractors and site supervisors	<ul style="list-style-type: none"> <li>Awareness on compliance of core labor standards, health and safety, ADB Safeguard Policy Statement, agreed resettlement framework and GESI.</li> </ul>	<ul style="list-style-type: none"> <li>Once a year</li> </ul>	<ul style="list-style-type: none"> <li>PMU</li> <li>RPMU</li> <li>PMD CSC</li> <li>CAPRR</li> </ul>
4. Awareness campaign for school and college students	School and college students	<ul style="list-style-type: none"> <li>Introduce the project covering project scope, benefits and timelines.</li> <li>Engage with students using social media and communication tools.</li> <li>Demonstrate the link between improved water supply and good health, hygiene and sanitation.</li> <li>Seek feedback on proposed interventions, and build sense of ownership for the project.</li> </ul>	<ul style="list-style-type: none"> <li>Twice a year in a minimum of 5 institutions per town</li> </ul>	<ul style="list-style-type: none"> <li>RPMU</li> <li>CAPRR</li> <li>PMD CSC</li> </ul>
<b>Site Specific Consultations</b>				
5. Consultation meetings organized by the community water and sanitation committees <b>MOV:</b> Meeting minutes and attendance (data maintained in sex disaggregated manner), photographs	Water and sanitation committees in all four ULBs	<ul style="list-style-type: none"> <li>Presentation and discussion on progress made by the committees in community mobilization and behavior change activities.</li> <li>Discuss community concerns on issues faced by community members during project implementation.</li> <li>Discuss and recommend measures to address implementation gaps in social mobilization and community participation activities.</li> <li>Plan the way forward- identify activities and time lines.</li> </ul>	<ul style="list-style-type: none"> <li>Twice a year</li> </ul>	<ul style="list-style-type: none"> <li>PIU</li> <li>WSC</li> <li>CAPRR</li> <li>PMD CSC</li> </ul>

Outputs and Types of Participation	Target Stakeholders	Objectives	Timeline/ Frequency	Responsibility
6. Consultations with project affected persons <b>MOV:</b> Meeting minutes and attendance sheet, photographs	Affected persons, Social Safeguards Consultant, Safeguards Officer, RPMU, PIUs, ULB and elected representatives	<ul style="list-style-type: none"> <li>• Share project information, grievance redress procedures, resettlement plan, entitlement matrix.</li> <li>• Discuss possible alternate livelihood/ business opportunities.</li> <li>• Mitigate potential conflict situations.</li> <li>• Solicit the views of affected persons on resettlement and compensation.</li> <li>• Agree on resettlement options, compensation.</li> <li>• Discuss grievances of affected persons, if any and identify and agree on solutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Prior to displacement (multiple consultations)</li> </ul>	<ul style="list-style-type: none"> <li>• PMU</li> <li>• RPMU</li> <li>• PIU</li> <li>• CAPRRC</li> <li>• PMDCSC</li> </ul>
7. Consultations with project beneficiaries	Beneficiaries, Social Safeguards Consultant, Safeguards Officer, RPMU, PIUs, ULB and elected representatives	<ul style="list-style-type: none"> <li>• Project scope, benefits, timelines, GRM, community health and safety, findings of socioeconomic survey.</li> <li>• Seek feedback and suggestions to minimize inconvenience to public and ensure smooth project implementation.</li> <li>• Awareness on water conservation, demand management, behavior change for 24/7 water supply, water quality, WASH.</li> <li>• Address concerns related to metering, volumetric tariff and clarify the role of the private operator.</li> </ul>	<ul style="list-style-type: none"> <li>• Twice a year</li> </ul>	<ul style="list-style-type: none"> <li>• RPMU</li> <li>• PIU</li> <li>• CAPRRC</li> <li>• PMDCSC</li> </ul>

ADB = Asian Development Bank, CAPRRC = community awareness, participation, resettlement and rehabilitation consultant, GESI=gender equality and social inclusion, GRM= Grievance Redress Mechanism, MOV = means of verification, NGO = nongovernment organization, PIU = project implementation unit, PMDCSC = project management, design and construction supervision consultant, PMU = project management unit, RPMU = regional project management unit, SGD = small group discussion, ULB = urban local body, UIF = urban local body intensive fund WASH = water, sanitation and hygiene, WRD=Water Resources Department, WSC = water sanitation committee.

Note: Workshop/Seminar topics and contents will be gender and socially inclusive, and raise environmental awareness.

## OUTLINE OF QUARTERLY PROGRESS REPORT FORMAT

### A. Introduction and Basic Data

- (i) ADB loan numbers, project title, borrower, executing agency(ies), implementing agency(ies);
- (ii) Total estimated project cost and financing plan per loan;
- (iii) Status of project financing including availability of counterpart funds by loan;
- (iv) Dates of approval, signing, and effectiveness of ADB loans;
- (v) Original and revised (if applicable) ADB loan closing date and elapsed loan period based on original and revised (if applicable) loan closing dates; and
- (vi) Date of last ADB review mission.

### B. Utilization of Funds (ADB Loan, and Counterpart Funds)

- (i) Cumulative contract awards financed by the ADB loan, and counterpart funds (commitment of funds to date), and comparison with time-bound projections (targets);
- (ii) Cumulative disbursements from the ADB loan, and counterpart funds (expenditure to date), and comparison with time-bound projections (targets); and
- (iii) Re-estimated costs to completion, need for reallocation within ADB loan categories, and whether an overall project cost overrun is likely.

### C. Project Purpose

- (i) Status of project scope/implementation arrangements compared with those in the report and recommendation of the President (RRP), and whether major changes have occurred or will need to be made;
- (ii) Assessment of the likelihood that the immediate development objectives (project purpose) will be met in part or in full, and whether remedial measures are required based on the current project scope and implementation arrangements; and
- (iii) Assessment of changes to the key assumptions and risks that affect attainment of the development objectives.

### D. Implementation Progress

- (i) For each loan, provide a brief summary assessment of progress or achievements in implementation since the last progress report;
- (ii) Assessment of the progress of each project component, such as:
  - (a) recruitment of consultants and their performance;
  - (b) procurement of goods and works (from preparation of detailed designs and bidding documents to contract awards); and
  - (c) the performance of suppliers, manufacturers, and contractors for goods and works contracts;

**[for this item, you may choose to instead cross refer to the Monthly Progress Reports prepared by KUIDFC and append the latest]**
- (iii) Assessment of progress in implementing the overall project to date in comparison with the original implementation schedule—quantifiable and monitorable target, (include simple charts such as bar or milestone to illustrate progress, a chart showing actual versus planned expenditure, S-curve graph showing the relationship between physical and financial performance, and actual progress in comparison with the original schedules; and
- (iv) Assessment of outcome/ output achievements versus targets.

**E. Major Project Issues and Problems**

- (i) Summarize the major problems and issues affecting or likely to affect implementation progress, compliance with covenants, and achievement of immediate development objectives. Recommend actions to overcome these problems and issues (e.g., changes in scope, changes in implementation arrangements, and reallocation of loan proceeds).

**F. Compliance with Safeguards and Covenants**

- (i) Review the borrower's compliance with policy loan covenants, and, where relevant, provide any reasons for any noncompliance or delay in compliance;
- (ii) Provide a summary assessment of compliance with resettlement and environmental safeguards; and
- (iii) Provide a summary assessment and update on the implementation of the and gender and social inclusion (GESI) action plan.

**APPENDIXES**

1. KIUDFC's latest monthly summary procurement and progress report
2. Summary Loan Covenant Review
3. Summary Safeguards Update (Resettlement and Environment)
4. Summary Gender Action Plan Progress (separate format available)
5. KUIDFC's Semi-annual Environmental Monitoring Report (separate format available)
6. KUIDFC's Semi-annual Resettlement Monitoring Report (separate format available)

## SAMPLE SEMI-ANNUAL ENVIRONMENTAL MONITORING REPORT TEMPLATE

### 1. INTRODUCTION

- (i) Overall project description and objectives
- (ii) Environmental category as per ADB Safeguard Policy Statement, 2009
- (iii) Environmental category of each subproject as per national laws and regulations
- (iv) Project Safeguards Team

Name	Designation/Office	Email Address	Contact Number	Roles
1. PMU				
2. PIUs				
3. Consultants				

- (v) Overall project and sub-project progress and status
- (vi) Description of subprojects (package-wise) and status of implementation (preliminary, detailed design, on-going construction, completed, and/or O&M stage)

Package Number	Components/List of Works	Contract Status (specify if under bidding or contract awarded)	Status of Implementation (Preliminary Design/Detailed Design/On-going Construction/Completed/O&M) <sup>1</sup>	If On-going Construction	
				% Physical Progress	Expected Completion Date

### 1. COMPLIANCE STATUS WITH NATIONAL/STATE/LOCAL STATUTORY ENVIRONMENTAL REQUIREMENTS<sup>2</sup>

<sup>1</sup> If on-going construction, include % physical progress and expected date of completion.

<sup>2</sup> All statutory clearance/s, no-objection certificates, permit/s, etc. should be obtained prior to award of contract/s. Attach as appendix all clearance obtained during the reporting period. If already reported, specify in the "remarks" column.



Package No.	Subproject Name	Statutory Environmental Requirements <sup>3</sup>	Status of Compliance <sup>4</sup>	Validity if obtained	Action Required	Specific Conditions that will require environmental monitoring as per Environment Clearance, Consent/Permit to Establish <sup>5</sup>

### 3. COMPLIANCE STATUS WITH ENVIRONMENTAL LOAN COVENANTS

No. (List schedule and paragraph number of Loan Agreement)	Covenant	Status of Compliance	Action Required

### 4. COMPLIANCE STATUS WITH THE ENVIRONMENTAL MANAGEMENT PLAN (REFER TO EMP TABLES IN APPROVED IEE/S)

- (i) Confirm if IEE/s require contractors to submit site-specific EMP/construction EMPs. If not, describe the methodology of monitoring each package under implementation.

#### Package-wise Implementation Status

Package Number	Components	Design Status (Preliminary Design Stage/ Detailed Design Completed)	Final IEE based on Detailed Design				Site-specific EMP (or Construction EMP) approved by Project Director? (Yes/No)	Remarks
			Not yet due (detailed design not yet completed)	Submitted to ADB (Provide Date of Submission)	Disclosed on project website (Provide Link)	Final IEE provided to Contractor/s (Yes/No)		

- (i) Identify the role/s of Safeguards Team including schedule of on-site verification of reports submitted by consultants and contractors.
- (ii) For each package, provide name/s and contact details of contractor/s' nodal person/s for environmental safeguards.

<sup>3</sup> Specify (environmental clearance? Permit/consent to establish? Forest clearance? etc.).

<sup>4</sup> Specify if obtained, submitted and awaiting approval, application not yet submitted.

<sup>5</sup> Example: Environmental Clearance requires ambient air quality monitoring, Forest Clearance/Tree-cutting Permit requires 2 trees for every tree, etc.

- (iii) Include as appendix all supporting documents including **signed** monthly environmental site inspection reports prepared by consultants and/or contractors.
- (iv) With reference to approved EMP/site-specific EMP/construction EMP, complete the table below
- (v) Provide the monitoring results as per the parameters outlined in the approved EMP (or site-specific EMP/construction EMP when applicable).
- (vi) In addition to the table on EMP implementation, the main text of the report should discuss in details the following items:
  - (a) **Grievance Redress Mechanism.** Provide information on establishment of grievance redress mechanism and capacity of grievance redress committee to address project-related issues/complaints. Include as appendix Notification of the GRM (town-wise if applicable).
  - (b) **Complaints Received during the Reporting Period.** Provide information on number, nature, and resolution of complaints received during reporting period. Attach records as per GRM in the approved IEE. Identify safeguards team member/s involved in the GRM process. Attach minutes of meetings (ensure English translation is provided).
    - i. Confirm if any dust was noted to escape the site boundaries and identify dust suppression techniques followed for site/s.
    - ii. Identify muddy water was escaping site boundaries or muddy tracks were seen on adjacent roads.
    - iii. Identify type of erosion and sediment control measures installed on site/s, condition of erosion and sediment control measures including if these were intact following heavy rain;
    - iv. Identify designated areas for concrete works, chemical storage, construction materials, and refueling. Attach photographs of each area.
    - v. Confirm spill kits on site and site procedure for handling emergencies.
    - vi. Identify any chemical stored on site and provide information on storage condition. Attach photograph.
    - vii. Describe management of stockpiles (construction materials, excavated soils, spoils, etc.). Provide photographs.
    - viii. Describe management of solid and liquid wastes on-site (quantity generated, transport, storage and disposal). Provide photographs.
    - ix. Provide information on barricades, signages, and on-site boards. Provide photographs.
    - x. Provide information on
    - xi. Checking if there are any activities being under taken out of working hours and how that is being managed.

### Summary of Environmental Monitoring Activities (for the Reporting Period)<sup>6</sup>

Impacts (List from IEE)	Mitigation Measures (List from IEE)	Parameters Monitored (As a minimum those identified in the IEE should be monitored)	Method of Monitoring	Location of Monitoring	Date of Monitoring Conducted	Name of Person Who Conducted the Monitoring
<b>Design Phase</b>						
<b>Pre-Construction Phase</b>						
<b>Construction Phase</b>						
<b>Operational Phase</b>						

<sup>6</sup> Attach Laboratory Results and Sampling Map/Locations.

**Overall Compliance with CEMP/ EMP**

No.	Sub-Project Name	EMP/ CEMP Part of Contract Documents (Y/N)	CEMP/ EMP Being Implemented (Y/N)	Status of Implementation (Excellent/ Satisfactory/ Partially Satisfactory/ Below Satisfactory)	Action Proposed and Additional Measures Required

**1. APPROACH AND METHODOLOGY FOR ENVIRONMENTAL MONITORING OF THE PROJECT**

- (i) Brief description on the approach and methodology used for environmental monitoring of each sub-project

**2. MONITORING OF ENVIRONMENTAL IMPACTS ON PROJECT SURROUNDINGS (AMBIENT AIR, WATER QUALITY AND NOISE LEVELS)**

- (i) Brief discussion on the basis for monitoring  
(ii) Indicate type and location of environmental parameters to be monitored  
(iii) Indicate the method of monitoring and equipment to be used  
(iv) Provide monitoring results and an analysis of results in relation to baseline data and statutory requirements

*As a minimum the results should be presented as per the tables below.*

**Air Quality Results**

Site No.	Date of Testing	Site Location	Parameters (Government Standards)		
			PM10 µg/m3	SO2 µg/m3	NO2 µg/m3

Site No.	Date of Testing	Site Location	Parameters (Monitoring Results)		
			PM10 µg/m3	SO2 µg/m3	NO2 µg/m3

**Water Quality Results**

Site No.	Date of Sampling	Site Location	Parameters (Government Standards)					
			pH	Conductivity µS/cm	BOD mg/L	TSS mg/L	TN mg/L	TP mg/L

Site No.	Date of Sampling	Site Location	Parameters (Monitoring Results)					
			pH	Conductivity $\mu\text{S/cm}$	BOD mg/L	TSS mg/L	TN mg/L	TP mg/L

### Noise Quality Results

Site No.	Date of Testing	Site Location	LA <sub>eq</sub> (dBA) (Government Standard)	
			Day Time	Night Time

Site No.	Date of Testing	Site Location	LA <sub>eq</sub> (dBA) (Monitoring Results)	
			Day Time	Night Time

### 3. SUMMARY OF KEY ISSUES AND REMEDIAL ACTIONS

- (i) Summary of follow up time-bound actions to be taken within a set timeframe.

### APPENDIXES

1. Photos
2. Summary of consultations
3. Copies of environmental clearances and permits
4. Sample of environmental site inspection report
5. Other

**SAMPLE ENVIRONMENTAL SITE INSPECTION REPORT**

Project Name  
Contract Number

NAME: \_\_\_\_\_ DATE: \_\_\_\_\_  
TITLE: \_\_\_\_\_ DMA: \_\_\_\_\_  
LOCATION: \_\_\_\_\_ GROUP: \_\_\_\_\_

WEATHER CONDITION:

INITIAL SITE CONDITION: \_\_\_\_\_

CONCLUDING SITE CONDITION:

Satisfactory \_\_\_\_\_ Unsatisfactory \_\_\_\_\_ Incident \_\_\_\_\_ Resolved \_\_\_\_\_ Unresolved \_\_\_\_\_

INCIDENT:  
Nature of incident:

Intervention Steps:

Incident Issues

Resolution

Project Activity Stage	Survey	
	Design	
	Implementation	
	Pre-Commissioning	
	Guarantee Period	

**Inspection**

Emissions	Waste Minimization
Air Quality	Reuse and Recycling
Noise pollution	Dust and Litter Control
Hazardous Substances	Trees and Vegetation

Site Restored to Original Condition      Yes      ☐      No      ☐

Signature

**Sign off**

Name  
Position

Name  
Position

## OUTLINE OF SOCIAL SAFEGUARDS MONITORING REPORT AND TEMPLATES

<h3>OUTLINE OF DUE DILIGENCE REPORT (DDR) INVOLUNTARY RESETTLEMENT IMPACTS</h3>
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Following requirements of the ADB Safeguard Policy Statement (2009) and the *Operations Manual* section on safeguard policy (OM F1, 2013), ADB assumes the responsibility for conducting due diligence and for reviewing, monitoring, and supervising projects throughout the ADB's project cycle in conformity with the principles and requirements embodied in the SPS.

To ensure appropriate categorization of involuntary resettlement (IR) safeguards during project preparation a careful screening activities are recommended to be done by the project team (or consultants) and the result is reported to ADB. This report is important as the supporting document, as well as for the baseline information/data, for a project to be categorized as C ("no impacts") on involuntary resettlement and for projects involving facilities and/or business activities that already exist or are under construction before ADB's involvement. The comprehensiveness of the report is commensurate with the complexity of the proposed project activities. An IR due diligence report (DDR) may include the following elements:

#### A. Executive summary

This section provides a concise statement of project scope and activities, key findings and proposed safeguards categorization and summary recommended actions, if any.

#### B. Background of the Report and Project Description

This section provides a general description of the activity, including:

1. Background/context of the due diligence report which includes the information on the proposed project and its components,
2. Information on the scope of the due diligence activity and requirements

#### C. Legal and Policy Background

This section provides information on country regulations and laws related to land acquisition and involuntary resettlements relevant to the project activities. ADB SPS (2009) is also included as another policy reference of the assessment.

#### D. Methodology

This section describes the methodology used in conducting the due diligence activities for involuntary resettlement impacts. This includes schedule of the assessment activities, consultation meetings with projects affected communities and mobilized resources (institutions involved). The involuntary resettlement due diligence checklist as prepared by ADB can be used to conduct the assessment.

#### E. Findings

This section describes the results of the assessment. This includes:

1. Detail account of possible involuntary resettlement impacts due to the proposed project activities (each component/ sub project). The assessment of impacts should include permanent and temporary impacts for both land and non-land assets (i.e., immobile assets, crops/trees, income, access to land or resources, etc.)
2. A chronology of past land acquisition and resettlement activities, if any. This includes assessment of adequacy of the previous land acquisition and resettlement activity against ADB policy on involuntary resettlement and whether there are pending issues related to the past activities. For any negotiated land acquisition or land donation conducted in anticipation of ADB funding, third independent party validation report has to be prepared and attached to the DDR.
3. Other social issues observed during the field visits (i.e., opposition/resentment from the communities in the project sites, social conflicts, etc.) that could affect the implementation of the project.

## **F. Recommendations**

This section describes the summary findings of the assessment and recommendation for the appropriate involuntary resettlement categorization of the project. A time-bound action plan for preparing the required resettlement plan and/or corrective action plan (CAP), if any, maybe proposed.

## **Appendixes**

1. Completed involuntary resettlement due diligence checklist with signatures from the responsible agencies/institutions
2. Pictures and maps of the project sites
3. List of existing assets observed/recorded during the assessment
4. Copy of land/assets ownership records
5. Copy of minutes of meeting during consultations
6. Copy of independent third party validation report.
7. Copy of the establishment of project GRC (if already established)



## OUTLINE OF A RESETTLEMENT PLAN

This outline is part of the Safeguard Requirements 2. A resettlement plan is required for all projects with involuntary resettlement impacts. Its level of detail and comprehensiveness is commensurate with the significance of potential involuntary resettlement impacts and risks. The substantive aspects of the outline will guide the preparation of the resettlement plans, although not necessarily in the order shown.

### **A. Executive Summary**

This section provides a concise statement of project scope, key survey findings, entitlements and recommended actions.

### **B. Project Description**

This section provides a general description of the project, discusses project components that result in land acquisition, involuntary resettlement, or both and identify the project area. It also describes the alternatives considered to avoid or minimize resettlement. Include a table with quantified data and provide a rationale for the final decision.

### **C. Scope of Land Acquisition and Resettlement**

This section:

- (i) discusses the project's potential impacts, and includes maps of the areas or zone of impact of project components or activities;
- (ii) describes the scope of land acquisition (provide maps) and explains why it is necessary for the main investment project;
- (iii) summarizes the key effects in terms of assets acquired and displaced persons; and
- (iv) provides details of any common property resources that will be acquired.

### **D. Socioeconomic Information and Profile**

This section outlines the results of the social impact assessment, the census survey, and other studies, with information and/or data disaggregated by gender, vulnerability, and other social groupings, including:

- (i) define, identify, and enumerate the people and communities to be affected;
- (ii) describe the likely impacts of land and asset acquisition on the people and communities affected taking social, cultural, and economic parameters into account;
- (iii) discuss the project's impacts on the poor, indigenous and/or ethnic minorities, and other vulnerable groups; and
- (iv) identify gender and resettlement impacts, and the socioeconomic situation, impacts, needs, and priorities of women.

### **E. Information Disclosure, Consultation, and Participation**

This section:

- (i) identifies project stakeholders, especially primary stakeholders;
- (ii) describes the consultation and participation mechanisms to be used during the different stages of the project cycle;

- (iii) describes the activities undertaken to disseminate project and resettlement information during project design and preparation for engaging stakeholders;
- (iv) summarizes the results of consultations with affected persons (including host communities), and discusses how concerns raised and recommendations made were addressed in the resettlement plan;
- (v) confirms disclosure of the draft resettlement plan to affected persons and includes arrangements to disclose any subsequent plans; and
- (vi) describes the planned information disclosure measures (including the type of information to be disseminated and the method of dissemination) and the process for consultation with affected persons during project implementation.

## **F. Grievance Redress Mechanisms**

This section describes mechanisms to receive and facilitate the resolution of affected persons' concerns and grievances. It explains how the procedures are accessible to affected persons and gender sensitive.

## **G. Legal Framework**

This section:

- (i) describes national and local laws and regulations that apply to the project and identify gaps between local laws and ADB's policy requirements; and discuss how any gaps will be addressed;
- (ii) describes the legal and policy commitments from the executing agency for all types of displaced persons;
- (iii) outlines the principles and methodologies used for determining valuations and compensation rates at replacement cost for assets, incomes, and livelihoods; and set out the compensation and assistance eligibility criteria and how and when compensation and assistance will be provided; and
- (iv) describes the land acquisition process and prepare a schedule for meeting key procedural requirements.

## **H. Entitlements, Assistance and Benefits**

This section:

- (i) defines displaced persons' entitlements and eligibility, and describes all resettlement assistance measures (includes an entitlement matrix);
- (ii) specifies all assistance to vulnerable groups, including women, and other special groups; and
- (iii) outlines opportunities for affected persons to derive appropriate development benefits from the project.

## **I. Relocation of Housing and Settlements**

This section:

- (i) describes options for relocating housing and other structures, including replacement housing, replacement cash compensation, and/or self-selection (ensure that gender concerns and support to vulnerable groups are identified);
- (ii) describes alternative relocation sites considered; community consultations conducted; and justification for selected sites, including details about location, environmental assessment of sites, and development needs;
- (iii) provides timetables for site preparation and transfer;

- (iv) describes the legal arrangements to regularize tenure and transfer titles to resettled persons;
- (v) outlines measures to assist displaced persons with their transfer and establishment at new sites;
- (vi) describes plans to provide civic infrastructure; and
- (vii) explains how integration with host populations will be carried out.

## **J. Income Restoration and Rehabilitation**

This section:

- (i) identifies livelihood risks and prepare disaggregated tables based on demographic data and livelihood sources;
- (ii) describes income restoration programs, including multiple options for restoring all types of livelihoods (examples include project benefit sharing, revenue sharing arrangements, joint stock for equity contributions such as land, discuss sustainability and safety nets);
- (iii) outlines measures to provide social safety net through social insurance and/or project special funds;
- (iv) describes special measures to support vulnerable groups;
- (v) explains gender considerations; and
- (vi) describes training programs.

## **K. Resettlement Budget and Financing Plan**

This section:

- (i) provides an itemized budget for all resettlement activities, including for the resettlement unit, staff training, monitoring and evaluation, and preparation of resettlement plans during loan implementation;
- (ii) describes the flow of funds (the annual resettlement budget should show the budget-scheduled expenditure for key items);
- (iii) includes a justification for all assumptions made in calculating compensation rates and other cost estimates (considering both physical and cost contingencies), plus replacement costs; and
- (iv) includes information about the source of funding for the resettlement plan budget.

## **L. Institutional Arrangements**

This section:

- (i) describes institutional arrangement responsibilities and mechanisms for carrying out the measures of the resettlement plan;
- (ii) includes institutional capacity building program, including technical assistance, if required;
- (iii) describes role of NGOs, if involved, and organizations of affected persons in resettlement planning and management; and
- (iv) describes how women's groups will be involved in resettlement planning and management.

**M. Implementation Schedule**

This section includes a detailed, time bound, implementation schedule for all key resettlement and rehabilitation activities. The implementation schedule should cover all aspects of resettlement activities synchronized with the project schedule of civil works construction, and provide land acquisition process and timeline.

**N. Monitoring and Reporting**

This section describes the mechanisms and benchmarks appropriate to the project for monitoring and evaluating the implementation of the resettlement plan. It specifies arrangements for participation of affected persons in the monitoring process. This section will also describe reporting procedures.

**OUTLINE OF SOCIAL SAFEGUARDS MONITORING REPORT  
DURING PROJECT IMPLEMENTATION PERIOD**

Following requirements of the ADB Safeguard Policy Statement (2009) and the *Operations Manual* section on safeguard policy (OM F1), borrowers/clients are required to establish and maintain procedures to monitor the status of implementation of safeguard plans and ensure progress is made toward the desired outcomes. For projects categorized as A or B in Involuntary Resettlement and/or Indigenous People, the Borrowers/clients are required to submit semi-annual monitoring reports for ADB review. The level of detail and comprehensiveness of a monitoring report is commensurate with the complexity and significance of social safeguards impacts (involuntary resettlement and indigenous people) and with the current status of project implementation phase.

This outline can be used for periodic monitoring report (semi-annual) and resettlement plan/IPP completion report to start the civil works in the impacted areas. A safeguard monitoring report may include the following elements:

**A. Executive Summary**

This section provides a concise statement of project scope and impacts, key findings and recommended actions.

**B. Background of the Report and Project Description**

This section provides a general description of the project, including:

- Background/context of the monitoring report which includes the information on the project, project components, safeguards categorizations and general scope of the social safeguards impacts;
- Information on the implementation progress of the project activities, scope of monitoring report and requirements, reporting period, including frequency of submission and changes in project scope and adjusted safeguard measures, if applicable; and
- Summary table of identified impacts and the mitigation actions.

**C. Scope of Impacts**

This section outlines the detail of:

- Scale and scopes of the project's safeguards impacts;
- Vulnerability status of the affected people/communities; and
- Entitlements matrix and other rehabilitation measures, as applicable, as described in the approved final resettlement plan(s).

**D. Compensation and Rehabilitation<sup>1</sup>**

This section describes the process and progress of the implementation of the safeguards plan and other required activities as determined in the plan. This includes:

- Payment of the affected assets compensation, allowances, loss of incomes, etc. to the entitled persons;

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<sup>1</sup> Depending on the status of the final detail design during the submission of the report this activity might not yet started. Provide the information on the expected date the activity to be conducted instead.

- Provisions of other types of entitlement as described in the matrix and implementation of livelihood rehabilitation activities as determined in the plan; and
- Quantitative as well as qualitative results of the monitoring parameters, as agreed in the plan, should be provided.

## **E. Public participation and consultation**

This section describes public participation and consultations activities during the project implementation as agreed in the plan. This includes final consultations with affected persons during resettlement plan finalization after the completion of detail design; the numbers of activities conducted; issues raised during consultations and responses provided by the project team, CAPRRC, project supervision consultants, contractors, etc.

## **F. Grievance Redress Mechanism**

This section described the implementation of project grievance redress mechanism (GRM) as design in the approved resettlement plan/IPP. This includes evaluations of its effectiveness, procedures, complaints receive, timeliness to resolve issues/complaints and resources provided to solve the complaints. Special attentions should be given if there are complaints received from the affected people or communities.

## **G. Institutional Arrangement**

This section describes the actual implementation or any adjustment made to the institutional arrangement for managing the social safeguards issues in the projects. This includes the establishment of safeguards unit/team and appointment of staff in the executing agency/implementing agency; implementation of the GRM and its committee; supervision and coordination between institutions involved in the management and monitoring of safeguards issues, the roles of NGO and women's groups in the monitoring and implementation of the plan, if any.

## **H. Monitoring Results—Findings**

This section describes the summary and key findings of the monitoring activities. The results are compared against previously established benchmarks and compliance status (e.g., adequacy of IR compensation rates and timeliness of payments, adequacy and timeliness of involuntary resettlement rehabilitation measures including serviced housing sites, house reconstruction, livelihood support measures, and training; budget for implementing EMP, resettlement plan, or IPP, timeliness and adequacy of capacity building, etc.). It also compared against the objectives of safeguards or desired outcomes documented (e.g., involuntary resettlement impacts avoided or minimized; livelihood restored or enhanced; indigenous people's identity, human right, livelihood systems and cultural uniqueness fully respected; indigenous peoples not suffer adverse impacts, environmental impacts avoided or minimized, etc.). For financial institution projects this includes the effectiveness of the Environmental and Social Management System managed by the financial institution and its participating institutions.<sup>2</sup> If noncompliance or any major gaps identified, include the recommendation of corrective action plan.

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<sup>2</sup> Specific for the financial institution projects, external agency may be required to conduct an audit of the project Environmental and Social Management System.

## **I. Compliance Status**

This section will summarize the compliance status of the project activities with the loan covenants, ADB SPS (2009) on SR 2 and the approved final resettlement plan(s).

## **J. Follow up Actions, Recommendation and Disclosure**

This section describes recommendations and further actions or items to focus on for the remaining monitoring period. It also includes lesson learned for improvement for future safeguards monitoring activities. Disclosure dates of the monitoring report to the affected communities should also be included. A time-bound summary table for required actions should be included.

### **Appendix 1**

- i. List of Affected Persons and Entitlements
- ii. Summary of Resettlement Plan/IPP with entitlement matrix

### **Appendix 2**

- i. Copies of Affected Person's certification of payment (signed by the affected persons)
- ii. Summary of minutes of meetings during public consultations
- iii. Summary of complaints received and solution status

### SAMPLE GRIEVANCE REDRESS FORM

The \_\_\_\_\_ Project welcomes complaints, suggestions, queries and comments regarding project implementation. We encourage persons with grievance to provide their name and contact information to enable us to get in touch with you for clarification and feedback. Should you choose to include your personal details but want that information to remain confidential, please inform us by writing/typing **\*(CONFIDENTIAL)\*** above your name. Thank you.

<b>Date</b>		<b>Place of registration</b>			
<b>Contact Information/Personal Details</b>					
<b>Name</b>		<b>Gender</b>	<input type="checkbox"/> * Male <input type="checkbox"/> * Female	<b>Age</b>	
<b>Home Address</b>					
<b>Place</b>					
<b>Phone no.</b>					
<b>E-mail</b>					
<b>Complaint/Suggestion/Comment/Question</b> Please provide the details (who, what, where and how) of your grievance below:					
If included as attachment/note/letter, please tick here:					
<b>How do you want us to reach you for feedback or update on your comment/grievance?</b>					

#### FOR OFFICIAL USE ONLY

<b>Registered by:</b> (Name of Official registering grievance)	
<b>Mode of communication:</b> Note/Letter E-mail Verbal/Telephonic	
<b>Reviewed by:</b> (Names/Positions of Official(s) reviewing grievance)	
<b>Action Taken:</b>	
<b>Whether Action Taken Disclosed:</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Means of Disclosure:</b>	



## OFFICIAL MEMORANDUM FOR FORMATION OF GRIEVANCE REDRESS MECHANISM

ಕರ್ನಾಟಕ ನಗರ ಮೂಲಸೌಕರ್ಯ ಅಭಿವೃದ್ಧಿ  
ಮತ್ತು ಹಣಕಾಸು ನಿಗಮ ನಿಯಮಿತ  
(ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಉದ್ದೇಶ)



Karnataka Urban Infrastructure  
Development and Finance Corporation Ltd.,  
(Government of Karnataka Undertaking)

KUIDFC/KIUWMIP/DLIC/2014-15/228

Date: 28<sup>th</sup> June 2017

## OFFICIAL MEMORANDUM

**Sub:** ADB Assisted KIUWMIP-Jalasiri Implementation of Resettlement and Rehabilitation Plans (RRP).

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Under Karnataka Integrated Urban Water Management Investment Programme (KIUWMIP) land will be purchased/acquired for implementation of various components. A Resettlement and Rehabilitation Plan for Affected Families (AFs) and Programme Affected Persons (PAPs) is prepared for land being acquired and the compensation payable to them is determined as per the guide lines of LARR Act 2013.

A project specific Grievance Redressal Mechanism (GRM) is to be established to receive complaints, evaluate concerns and address grievances of the Affected Persons (APs). To provide time bound and transparent mechanism to resolve social and environmental concerns and ensure proper implementation and monitoring of the grievances, there is a need to designate Rehabilitation and Resettlement Officer and to constitute a Grievance Redressal Committee. Hence the following order:

## ORDER

**Rehabilitation and Resettlement Officer:** The Special Land Acquisition Officer/the Assistant Commissioner of the concerned sub division shall be the "Rehabilitation and Resettlement Officer". He will be responsible for implementation of the Resettlement plans. He is authorised to release all compensation to the beneficiaries (based on land acquisition Awards and other assistance/ benefits decided by GRC based on approved Resettlement plans).

**Grievance Redressal Committee:** The committee shall consist of the following members:

The Special Land Acquisition Officer/Assistant Commissioner of the concerned subdivision	Chairman
The Commissioner / Chief Officer of concerned ULB	Member
Deputy Project Director KIUWMIP Mangalore	Member Secretary & Convener
PMDSC Engineer	Member
Affected community member/NGO	Member
SDO of RPMU- KIUWMIP Mangalore	member

DESPATCHED  
ON 28/6/17

## PROJECT CLIMATE RISK FINANCING CALCULATIONS

No.	Link to Climate Risks Identified in the Project Climate Risk Assessment and Management Reporting	Total Cost	Qualifying Costs			Non-Qualifying Costs
			ADB funding <sup>a</sup>	Counter-part funding	Total	
		\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
<b>1</b>	<b>Output 1: Urban water supply and sanitation infrastructure expanded and upgraded</b>					
1a.	<b>Bulk Water Supply System:</b> Adaptation measures proposed in BWS system comprising embankment stabilization and channel crossing protection to the proposed raw and clear water mains to address risks of rainfall induced landslides are considered as qualifying costs.	1.877	0.023	0.005	0.029	1.848
1b.	<b>Water Treatment Augmentation &amp; Transmission Improvements:</b> Improvements to treatment system by constructing new water treatment plant leads to better water quality that addresses risk of turbidity loading during extreme rainfall events and contaminant loading during periods of lowered precipitation and drought. Process efficiency improvement measures in the proposed WTP such as filter backwash water recirculation and sludge management systems lead to savings in process water usage and thereby conservation of water to address risks of lowered precipitation and drought. These are considered as qualifying costs.	2.579	1.091	0.240	1.331	1.248
1c.	<b>Distribution System Improvements:</b> Components such as provision of bulk flow meters in feeder main and distribution system, household level meters to implement volumetric tariff and mitigate NRW providing for efficient water management and enabling water conservation to address risks due to lowered precipitation and drought are considered as qualifying costs.	56.492	2.817	0.618	3.435	53.057
1d	<b>Use of updated standards, technical design, latest technologies and materials for key infrastructure:</b> SCADA proposed in the water supply systems to improve monitoring and control to ensure water conservation and demand-side management are considered as qualifying costs.	8.526	6.406	1.406	7.812	0.713
1e	<b>Sewage Collection &amp; Conveyance Systems:</b> Replacement of existing pumping mains with new mains is part of system capacity utilization enhancement and is therefore non-qualifying costs.	14.400	-	-	-	14.400
	<b>Sub-Totals Output 1</b>	<b>83.873</b>	<b>10.338</b>	<b>2.269</b>	<b>12.607</b>	<b>71.266</b>
<b>2</b>	<b>Output 2: Water resource planning, monitoring, and service delivery of ULBs improved</b>					

No.	Link to Climate Risks Identified in the Project Climate Risk Assessment and Management Reporting	Total Cost	Qualifying Costs			Non-Qualifying Costs
			ADB funding <sup>a</sup>	Counter-part funding	Total	
		\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
	Operationalization of the Urban Local Body Incentive Fund (UIF) is costed to provide for climate change resilient sustainable O&M of urban water and sewerage services through identified reform actions. Cost for components such as specialist/ expertise in areas such as public communication, awareness & capacity building including conducting necessary IEC activities and training workshops in aspects of water conservation, non-revenue water reduction and capacity building for improved service delivery are considered as qualifying costs.	5.190	-	0.916	0.916	4.274
	<b>Sub-Total Output 2</b>	<b>5.190</b>	<b>-</b>	<b>0.916</b>	<b>0.916</b>	<b>4.274</b>
<b>3</b>	<b>Output 3: Institutional capacity of executing agency and ULBs strengthened</b>					
	Specific costs for strengthening project management and service delivery capacity of PMU/PIU/concerned ULB staff to build awareness on climate risks and impacts on water supply system service delivery are considered as qualifying costs.	3.170	-	0.377	0.377	2.793
	<b>Sub-Total Output 3</b>	<b>3.170</b>	<b>-</b>	<b>0.377</b>	<b>0.377</b>	<b>2.793</b>
	<b>Grand Total</b>	<b>92.233</b>	<b>10.338</b>	<b>3.562</b>	<b>13.900</b>	<b>78.333</b>

ADB = Asian Development Bank, BWS = bulk water supply system, DMA = district metering area, IEC = information, education and communication, KIUWMIP = Karnataka Integrated Urban Water Management Investment Program, NRW = nonrevenue water, O&M = operation & maintenance, PIU = project implementation unit, PMU = project management unit, SCADA = supervisory control and data acquisition, UIF = urban local body incentive fund, ULB = urban local body, WTP = water treatment plant.

<sup>a</sup> Basic Cost for Civil Works & Equipment excluding land acquisition & resettlement costs considered in the calculation.