



Tranche-at-a-Glance Report

Project Number: 43253-027
MFF Number: 0080
September 2018

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

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

TRANCHE AT A GLANCE

1. Basic Data		Project Number: 43253-027	
Project Name	Karnataka Integrated Urban Water Management Investment Program-Tranche 2	Department/Division	SARD/SAUW
Country Borrower	India Government of India	Executing Agency	Karnataka Urban Infrastructure Development and Finance Corporation Limited
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Water and other urban infrastructure and services	Urban sewerage		12.89
	Urban water supply		62.11
		Total	75.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG) Environmentally sustainable growth (ESG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive Global and regional transboundary environmental concerns Urban environmental improvement	Climate Change impact on the Project	Medium
		ADB Financing	
		Adaptation (\$ million)	10.34
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD) Partnerships (PAR)	Civil society participation Institutional development Organizational development Civil society organizations Implementation	Effective gender mainstreaming (EGM)	✓
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Urban	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG6, SDG13		
6. Risk Categorization:	Low		
7. Safeguard Categorization	Environment: B Involuntary Resettlement: B Indigenous Peoples: C		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		75.00	
Sovereign MFF-Tranche (Regular Loan): Ordinary capital resources		75.00	
Cofinancing		0.00	
None		0.00	
Counterpart		34.80	
Government		34.80	
Total		109.80	

TRANCHE AT A GLANCE

Date of Receipt by ADB of PFR: 18 May 2018

Tranche Number: 2

9. Country Operations Business Plan

CPS

<https://www.adb.org/documents/india-country-partnership-strategy-2018-2022>

COBP

<https://www.adb.org/documents/india-country-operations-business-plan-2018-2020>

10. Tranche Summary

Tranche 2 will enhance urban water supply and sanitation infrastructure; and improve water resource planning, monitoring and service delivery in four coastal towns (Kundapura, Mangalore, Puttur, and Udupi). The rapid pace of economic development and urbanization of the coastal region of Karnataka has put considerable stress on the existing urban water supply and sanitation infrastructure. The groundwater table is shallow and contaminated by saltwater intrusion. The coastal towns should promote the efficient and sustainable use of water by reducing nonrevenue water, expanding water treatment capacity, improving storage facilities, and extending more connections to end-users. The sewerage system of Mangalore requires immediate rehabilitation and upgrading to enhance the capacity of the pumping main and expand coverage. To offer improved water services, urban local bodies (ULBs) must enhance their technical and financial capacity. Climate adaptation measures are required to protect this ecologically sensitive region from climate change impacts.

Impact: Sustainable water security in selected river basins in Karnataka improved.

Outcome: Urban water resource management in four coastal towns (Kundapura, Mangalore, Puttur, and Udupi) improved.

Outputs: (i) Urban water supply and sanitation infrastructure expanded and upgraded, (ii) Water resource planning, monitoring, and service delivery system improved, and (iii) Institutional capacity of executing agency and urban local bodies strengthened.

Implementation Arrangements: Karnataka Urban Infrastructure Development and Finance Corporation Limited will be the executing agency.

Project Readiness: Project readiness is high. The project management unit (PMU) is fully staffed, the regional PMU have seven of eight positions filled, and project implementation units at ULB level have filled 20 of 30 positions. Twenty-one percent of the contracts were awarded with the remaining contracts expected to be awarded by end of the year. Environmental impacts are minimal and the limited involuntary resettlement impacts will be addressed. The process in obtaining certificates of no-objection and environmental clearances is ongoing.

11. Significant Developments in the MFF and Previous Tranches

On 28 March 2014, the Asian Development Bank (ADB) approved the provision of a loan under a multitranche financing facility for the Karnataka Integrated Urban Water Management Investment Program, for an aggregate amount not exceeding \$150 million until 15 March 2024. The Government of Karnataka and the Karnataka Urban Infrastructure Development and Finance Corporation have initiated reforms in key areas, including (i) carrying out a water audit to demonstrate their operational efficiency and developing volumetric tariff determination models for effective demand management, (ii) developing the asset management systems for better operation and maintenance (O&M) of urban water supply and sanitation infrastructure, and (iii) establishing the ring-fencing of water accounts in ULBs to improve financial sustainability. Of the 20 undertakings in the framework financing agreement, 3 have been complied with, 16 are being complied with, and 1 is not yet due.

Tranche 1 (Loan 3148) for \$75 million was approved on 29 July 2014 and became effective on 7 May 2015. The overall physical progress of contracts is 45%. All 10 civil works packages have been awarded. The cumulative contract awards and disbursements amount to \$75 million and \$33.4 million, respectively. Of the 32 loan covenants, 4 have been complied with, and 1 is not yet due. The Karnataka Urban Infrastructure Development and Finance Corporation has enhanced the supervision of project ULBs and initiated advance contracting for all civil works of Tranche 2 with support of consultants hired under Tranche 1. All outputs under the multitranche financing facility will be completed within the original implementation period.

12. Milestones

Estimated Approval

26 October 2018

Estimated Completion^a

15 March 2024

13. Linked Documents

	Required Document	Disclosure Date
MFF	Report and Recommendation of the President	
Weblink:	http://www.adb.org/projects/documents/karnataka-integrated-urban-water-management-investment-program-rfp	30-APR-2014
Tranche	Draft Periodic Financing Request Report	
Weblink:	http://www.adb.org/Documents/LinkedDocs/?id=43253-027-DraftPFRR	The Final PFR Report is disclosed upon approval
(i) Environment	IEE - Initial Environment Examination	
Weblink:	https://www.adb.org/projects/documents/ind-43253-027-iee-2	30-MAY-2018
	IEE - Initial Environment Examination	
	https://www.adb.org/projects/documents/ind-43253-027-iee	30-MAY-2018
	IEE - Initial Environment Examination	

TRANCHE AT A GLANCE

	https://www.adb.org/projects/documents/ind-43253-027-iee-3	30-MAY-2018
	IEE - Initial Environment Examination	
	https://www.adb.org/projects/documents/ind-43253-027-iee-1	30-MAY-2018
	IEE - Initial Environment Examination	
	https://www.adb.org/projects/documents/ind-43253-027-iee-0	30-MAY-2018
	EARF - Environmental Assessment and Review Framework	
	https://www.adb.org/projects/documents/ind-43253-027-earf	30-MAY-2018
(ii) Involuntary resettlement	RF - Resettlement Framework	
Weblink:	https://www.adb.org/projects/documents/ind-43253-027-rf	30-MAY-2018
	RP - Resettlement Plan	
	https://www.adb.org/projects/documents/ind-43253-027-rp-0	30-MAY-2018
	RP - Resettlement Plan	
	https://www.adb.org/projects/documents/ind-43253-027-rp	30-MAY-2018
	RP - Resettlement Plan	
	https://www.adb.org/projects/documents/ind-43253-027-rp-1	31-MAY-2018
(iii) Indigenous peoples	IPPF - Indigenous Peoples Planning Framework	
Weblink:	https://www.adb.org/projects/documents/ind-43253-027-ippf	30-MAY-2018

^a For Tranches, this refers to the financial closing date.