



India: MFF - North Karnataka Urban Sector Investment Program (Subproject 1)

Project Name	MFF - North Karnataka Urban Sector Investment Program (Subproject 1)
Project Number	38254-033
Country	India
Project Status	Closed
Project Type / Modality of Assistance	Loan
Source of Funding / Amount	Loan 2312-IND: MFF - North Karnataka Urban Sector Investment Program (Subproject 1) Ordinary capital resources US\$ 23.42 million
Strategic Agendas	Environmentally sustainable growth
Drivers of Change	Governance and capacity development
Sector / Subsector	Water and other urban infrastructure and services - Other urban services - Urban policy, institutional and capacity development - Urban sewerage - Urban water supply
Gender Equity and Mainstreaming	Effective gender mainstreaming
Description	Assist the Government of Karnataka (GoK) in rehabilitating the existing and constructing new urban infrastructure facilities in the Urban Local Bodies (ULBs) located in North Karnataka. Also support the ongoing institutional reforms and training for the ULB staff currently being conducted under the Nirmala Nagar Program (NNP) by the GoK.
Project Rationale and Linkage to Country/Regional Strategy	The proposed Investment Program is highly relevant to ADB's country strategy and program (CSP) for India, which rests on the three pillars of: (i) pro-poor growth for reducing income poverty; (ii) social development for reducing human poverty; and (iii) good governance for leveraging and maximizing the impact of development.
Impact	Improvement of Urban Infrastructure and services resulting in overall improvement in quality of life in project ULBs; and related increase in economic opportunities and growth in north Karnataka and reduced imbalances between north Karnataka and the rest of the state.

Project Outcome

Description of Outcome	Improved basic urban services and sustainable infrastructure services for 3 Investment Program ULBs
Progress Toward Outcome	The project (Tranche 1) was physically closed on 31 December 2013. Execution of civil works packages for water supply have been substantially completed and final payments are expected to be completed by April 2014. Sewerage works contracts will be completed under Tranche 4.

Implementation Progress

Description of Project Outputs	Implemented investment program for Sanitation - Sewerage Implemented investment program for Water Supply Implemented investment program for Non-Municipal Infrastructure (Equipment) Implemented investment program for Institutional Development
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Status of Implementation Progress (Outputs, Activities, and Issues)	<p>1. Sanitation - Physical works partially completed: 2,939 households with sewerage facilities; 112 kms., of new sewers have been built. Balance to be delivered under Tranche 4.</p> <p>2. Water Supply - Physical works have been substantially completed: 2,400 households with pipe networks; 245 kms., of new pipe networks have been built and 19 kms. of existing pipe networks have been rehabilitated.</p> <p>3. Non-Municipal Infrastructure - Procurement of fire-fighting service equipment for 16 ULB's have been completed.</p> <p>4. Institutional Development:</p> <p>4.1 Implementation of property tax as amended in the Karnataka Municipal Act 1964 with 75% coverage - Achieved in all 25 ULBs. The average collection efficiency in project towns has improved from 70% to nearly 90%. KUIDFC has proposed the recruitment of municipal finance specialists under Project 3 that will assist ULBs in conducting assessment, prepare improvement programs, advise accounting and finance departments in ULBs, and monitor and report improvements to KUIDFC for major ULB revenue sources.</p> <p>4.2 Application of the Fund-Based Accounting System (FBAS) for all ULBs - Achieved in all 25 ULBs. However, there is a need to further improve property values assessments and collection levels. For this purpose, base and property mapping is underway in all NKUSIP towns but five, which will be taken up under Project 3.</p> <p>4.3 Introduction of volumetric water tariff (w/ water supply subproject before commissioning) for all 3 ULBs - GOK first directed ULBs to adopt volumetric tariffs in 1996 and has since provided both technical support (through advisory functions and preparation of relevant manuals) and community education support (through the soon to be launched Education and Communication campaigns under Project 2) to enhance acceptance of tariffs among citizens. Effective 20 July 2011, GOK issued a revised tariff order making metering compulsory. All ULBs receiving water subprojects have passed resolutions ahead of subproject implementation. ULBs, however, have low collection efficiencies (partly due to the poor water service being provided prior to completion of works). Project 4 considers operator contracts for water supply and operator payments would be out of volumetric water tariff collected.</p> <p>4.4 Introduction of sewerage tariff (w/ sewerage subproject before commissioning) for all 3 ULBs - For many of NKUSIPs ULBs, sewerage services are being introduced for the first time and thus few ULBs have a sewerage tariff in place. Effective 20 July 2011, GOK issued a revised tariff order requiring the introduction of sewerage tariffs. KUIDFCs O&M specialist is undertaking the preparation of manuals and various recovery models for ULBs and tariffs are to become effective immediately after commissioning.</p>
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Geographical Location	North Karnataka
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Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	The Tranche 1 subprojects are consistent with the MFF's design which maximizes environmental and public health benefits. IEEs were conducted for Tranche 1 subprojects in accordance with the EARP for the MFF. These IEEs show that net environmental benefits are positive and large: more and better-quality drinking water from water supply subprojects; better public health, particularly fewer waterborne diseases through water supply, sewerage, and drainage investments; improved aesthetics through sewerage and drainage works; and reduced flooding through drainage improvements. Negative impact, if any, during construction and operation will not be significant because larger facilities will be built in low density and non-sensitive areas, the works will be quickly constructed, and simple technologies with low maintenance requirements will have preference. ADB approved the updated IEE reports for the sub-projects. Adverse impacts are minimized by implementing EMP measures.
Involuntary Resettlement	Subprojects under the Tranche 1 are designed to minimize land acquisition and resettlement impacts. To the extent feasible, subprojects involving rehabilitation will be accommodated within the existing facilities premises to avoid land acquisition and resettlement. Subprojects involving construction of water supply, sewerage, and drainage facilities are proposed on vacant government land wherever possible. Overall impacts will be further minimized through careful siting and alignment during detailed design and subproject implementation. The resettlement framework (RF) prepared for the MFF outlines the objectives, policy, principles, and procedures for involuntary resettlement, and related assistance measures for affected persons. It was decided that all affected persons are to be compensated and/or resettled in accordance with the RP before commencement of civil works.
Indigenous Peoples	There are no indigenous people impacts in sample projects to date. In the event any impacts are seen in non-sample subprojects, these will follow the requirement of the Indigenous Peoples Development Framework (IPDF). The RF also provides specific measures made through additional entitlements accorded to vulnerable groups which include IPs.

Stakeholder Communication, Participation, and Consultation

During Project Design

Business Opportunities

Consulting Services	100% Domestic Investment Program Consultants will be recruited under ADB's Guidelines on the Use of Consultants to assist the Government in implementing the Investment Program during the detailed engineering design (DED) and supervision phase for quality assurance and monitoring of both construction and operations. The recruitment will follow ADB's quality-and-cost-based (QCBS) selection method. Recruitment of private contractors under PBMC will be carried out under ADB's Guidelines on the Use of Consultants with some adjustments.
Procurement	Procurement of all goods and services under the Investment Program will be undertaken in accordance with ADB's Guidelines for Procurement, and in accordance with the rules and regulations of the Government acceptable to ADB. All civil works (water, sanitation, and drainage) contracts have been awarded. Contracts have been awarded for equipment for firefighting services (nonmunicipal infrastructure) and the goods are being delivered.

Responsible Staff

Responsible ADB Officer	Mehta, Shinjini
Responsible ADB Department	South Asia Department
Responsible ADB Division	Urban Development and Water Division, SARD
Executing Agencies	<i>Karnataka Urban Infrast. Dev. and Finance Corp. Mr. Shrivastava, IAS KUIDFC.PMU@SMD.SPRINTRPG.EMS.VSNL.NET.IN Silver Jubilee Block, 2nd floor, Unity B, 3rd Cross, Mission Road, Bangalore, India 560 027</i>

Timetable

Concept Clearance	07 Sep 2004
Fact Finding	20 Jun 2005 to 01 Jul 2005
MRM	29 Aug 2005
Approval	26 Jan 2007
Last Review Mission	-
PDS Creation Date	22 Jan 2008
Last PDS Update	31 Mar 2014

Loan 2312-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
26 Jan 2007	23 Jan 2008	25 Apr 2008	31 Dec 2011	31 Dec 2013	23 Jul 2014

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	23.42	Cumulative Contract Awards			
ADB	23.42	26 Jan 2007	23.42	0.00	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	26 Jan 2007	23.42	0.00	100%

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

Request for Information

<http://www.adb.org/forms/request-information-form?subject=38254-033>

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