



ASIAN DEVELOPMENT BANK

## India: Rajasthan Urban Sector Development Program

Project Name	Rajasthan Urban Sector Development Program																
Project Number	42267-026																
Country	India																
Project Status	Active																
Project Type / Modality of Assistance	Grant Loan Technical Assistance																
Source of Funding / Amount	<table><tr><td colspan="2"><b>Grant 0413-IND: Rajasthan Urban Sector Development Program</b></td></tr><tr><td>Bill and Melinda Gates Foundation</td><td>US\$ 2.00 million</td></tr><tr><td colspan="2"><b>Loan 3182-IND: Rajasthan Urban Sector Development Program</b></td></tr><tr><td>Ordinary capital resources</td><td>US\$ 250.00 million</td></tr><tr><td colspan="2"><b>Loan 3183-IND: Rajasthan Urban Sector Development Program</b></td></tr><tr><td>Ordinary capital resources</td><td>US\$ 250.00 million</td></tr><tr><td colspan="2"><b>TA 8749-IND: Capacity Development of Institutions in the Urban Sector in Rajasthan</b></td></tr><tr><td>Technical Assistance Special Fund</td><td>US\$ 1.00 million</td></tr></table>	<b>Grant 0413-IND: Rajasthan Urban Sector Development Program</b>		Bill and Melinda Gates Foundation	US\$ 2.00 million	<b>Loan 3182-IND: Rajasthan Urban Sector Development Program</b>		Ordinary capital resources	US\$ 250.00 million	<b>Loan 3183-IND: Rajasthan Urban Sector Development Program</b>		Ordinary capital resources	US\$ 250.00 million	<b>TA 8749-IND: Capacity Development of Institutions in the Urban Sector in Rajasthan</b>		Technical Assistance Special Fund	US\$ 1.00 million
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Technical Assistance Special Fund	US\$ 1.00 million																
Strategic Agendas	Inclusive economic growth																
Drivers of Change	Partnerships Private sector development																
Sector / Subsector	<b>Water and other urban infrastructure and services</b> - Urban policy, institutional and capacity development - Urban sanitation - Urban sewerage - Urban water supply																
Gender Equity and Mainstreaming	Effective gender mainstreaming																
Description	<p>The sector development program (SDP) will complement past and ongoing efforts of the Government of Rajasthan to improve water supply and wastewater services to the residents of the state of Rajasthan. The SDP comprises (i) a program, financed by a policy-based loan, to support policy reforms, including institutional development and governance improvement in the urban sector in the state; and (ii) a project, financed by a project loan, to invest in the water distribution network in five project cities and sewerage systems in the six project cities.</p> <p>The SDP modality will support both the infrastructure needs and the reform program, which focuses on strengthening institutions and adjusting the policy, institutional, legal, financial, and regulatory framework. The policy-based loan will provide financial support to the state government to implement reforms that will unlock the potential of various stakeholders, including municipal bodies, individual households, and private sector investors. The project loan will support catalytic investments that enhance productivity and leverage finances from various other sources in the project cities. The project will also introduce innovations in water supply and wastewater management, such as continuous water supply, and long-term O&amp;M embedded construction contracts for nonrevenue water (NRW) reduction and sustainability of operations. If implemented successfully, the SDP may play a demonstrative role for urban sector operations in India.</p>																

Project Rationale and Linkage to Country/Regional Strategy	<p>Urban centers have been driving economic growth in India, led by services and manufacturing, placing cities at the forefront of the country's economic transformation. According to recent estimates, the urban sector contributes about 63% of India's gross domestic product (2009 -2010); this share is projected to increase to 75% by 2021. Similarly, while India's urban population currently constitutes about 31% of the total population, it is expected to grow to 43% by 2031. Increasing urbanization has aggravated the already deficient urban infrastructure and poor services. The country partnership strategy, 2013- 2017 of the Asian Development Bank (ADB) for India identifies the urban infrastructure deficit as one of the most important binding constraints to inclusive growth. The SDP fits well with the priorities identified in the strategy, and will address the country's urbanization challenge, including plans for urban renewal and development of smart cities. The proposed investment is included in ADB's country operations business plan, 2013- 2015 for India.</p> <p>Rajasthan, with a population of 68.6 million and an area of 342,239 square kilometers, is the largest state in the country. About 25% of the population is urban, this percentage is increasing rapidly at 2.9% per annum. Since 2000, the state government has successfully implemented two multisector urban investment projects, which benefitted more than 5 million residents of six major cities under the first project and more than 2 million residents of 15 secondary cities under the second project. Important lessons from the projects have been incorporated in the SDP design, including (i) consultations on project design, last-mile connectivity, cost recovery, user charges, and timely induction and capacity building of counterpart staff are crucial for sustainability; (ii) contracts should be grouped into fewer packages with long-term operation and maintenance (O&amp;M) provisions; and (iii) advance actions for procurement should be undertaken to enhance project readiness. Another important lesson, reiterated in the review of the country partnership strategy, 2009- 2012, is that investments have to be coupled with sustainable and vibrant institutions and effective governance systems to sustain and maximize their impacts.</p>
Impact	Sustainable urban development in Rajasthan

## Project Outcome

Description of Outcome	Improved urban service delivery in Rajasthan
Progress Toward Outcome	<p>Consultants under the loans, grant and TA have been mobilized and are currently assisting GOR in loan, grant and TA activities. The Project Management and Design Supervision Consultants and Community Awareness and Participation Consultants are supported by the project loan while the Sanitation Consultants are supported by the Sanitation Grant from the Bill and Melinda Gates Foundation.</p> <p>Contracts for water supply and sewerage improvement in Tonk, Pali, Jhunjhunu and Sri Ganganagar have already been awarded and physical works have already started. The remaining two civil works packages corresponding to other project cities (Bhilwara and Hanumangarh) are under procurement. All contracts are expected to be awarded by Q2 2017.</p> <p>For the policy-based loan, the Government of Rajasthan complied with all the required policy actions stipulated under Tranche 1, and accordingly, ADB released \$125 million Tranche 1 amount to the Government in December 2015 to support reforms implementation. The Government is undertaking further steps to ensure compliance with policy actions under Tranche 2, which is due in 2017.</p>

## Implementation Progress

Description of Project Outputs	<p>Capacity building and efficient program management implemented</p> <p>Urban governance improved</p> <p>Water supply system rehabilitated and expanded in five project cities</p> <p>Wastewater system rehabilitated and expanded in six project cities</p> <p>Urban institutions strengthened</p>
Status of Implementation Progress (Outputs, Activities, and Issues)	<p>Consultants under the loans, grant and TA have been mobilized and are currently assisting GOR in loan, grant and TA activities. The Project Management and Design Supervision Consultants and Community Awareness and Participation Consultants are supported by the project loan while the Sanitation Consultants are supported by the Sanitation Grant from the Bill and Melinda Gates Foundation.</p> <p>Contracts for water supply and sewerage improvement in Tonk, Pali, Jhunjhunu and Sri Ganganagar have already been awarded and physical works have already started.</p> <p>The water supply distribution network improvement contracts have been structured with district metering area (DMA) approach in all the project cities. In Pali contract, the first DMA was successfully commissioned in February 2017 and is fully operational and supplying water 24 hours per day to all connected households. Next two DMAs are expected to be completed and commissioned by March 2017.</p> <p>Procurement for other contracts in the remaining two project cities has been either ongoing and the contracts for these two packages are expected to be awarded by Q2 2017.</p> <p>For the policy-based loan, the Government of Rajasthan complied with all the required policy actions stipulated under Tranche 1, and accordingly, ADB released \$125 million Tranche 1 amount to the Government in December 2015 to support reforms implementation. The Government is undertaking further steps to ensure compliance with policy actions under Tranche 2, which is due in 2017.</p>
Geographical Location	

## Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

## Summary of Environmental and Social Aspects

Environmental Aspects	No significant impacts are anticipated for the project. Project locations are located outside protected areas and construction impacts will be mitigated through implementation of the EMPs as part of the contract documents. The policy-based loan is not anticipated to have environmental impacts.
Involuntary Resettlement	The project does not involve permanent land acquisition or physical displacement. This component is anticipated to have limited resettlement impacts as facilities will be constructed in marginal areas of the towns where few persons reside or do business. The policy-based loan is not anticipated to have social safeguard impacts.
Indigenous Peoples	No adverse impacts on indigenous peoples are anticipated as the SDP focuses on urban areas.

### Stakeholder Communication, Participation, and Consultation

During Project Design	Meaningful and widespread consultations will be carried out with communities in the project areas.
During Project Implementation	The project is implementing participatory programs with the assistance of a Social Development Officer at the Regional PMU, a CAPP Consultant at central level and City Level Local NGOs.

## Business Opportunities

Consulting Services	Rajasthan Urban Sector Development Program (RUSDP) will recruit two consulting firms, i.e., project management, design and supervision consultant; and community awareness and participation consultant using the quality- and cost-based selection method with a quality-cost ratio of 90:10 in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).
Procurement	Procurement of civil works will be carried out in accordance with ADB's Procurement Guidelines (2013, as amended from time to time).

## Responsible Staff

Responsible ADB Officer	Sharma, Manoj
Responsible ADB Department	South Asia Department
Responsible ADB Division	Urban Development and Water Division, SARD
Executing Agencies	<i>Government of Rajasthan RAJFD@RAJASTHAN.GOV.IN Main Building, Secretariat, Jaipur-302 005, India</i>

## Timetable

Concept Clearance	13 Jun 2014
Fact Finding	30 Apr 2014 to 14 May 2014
MRM	03 Sep 2014
Approval	24 Oct 2014
Last Review Mission	-
Last PDS Update	29 Mar 2017

## Grant 0413-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
24 Oct 2014	11 Sep 2015	25 Nov 2015	30 Jun 2020	-	-

Financing Plan	Grant Utilization
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	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	2.00	Cumulative Contract Awards			
ADB	0.00	24 Oct 2014	0.00	0.65	33%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	2.00	24 Oct 2014	0.00	0.00	0%

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

### Loan 3182-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
24 Oct 2014	11 Sep 2015	25 Nov 2015	30 Jun 2020	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	250.00	Cumulative Contract Awards			
ADB	250.00	24 Oct 2014	125.00	0.00	50%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	24 Oct 2014	125.00	0.00	50%

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

### Loan 3183-IND

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
24 Oct 2014	11 Sep 2015	25 Nov 2015	30 Jun 2020	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	360.00	Cumulative Contract Awards			
ADB	250.00	24 Oct 2014	215.52	0.00	86%
Counterpart	110.00	Cumulative Disbursements			
Cofinancing	0.00	24 Oct 2014	13.41	0.00	5%

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

### TA 8749-IND

Milestones					
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Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
24 Oct 2014	06 Jan 2015	06 Jan 2015	31 Dec 2017	-	-

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,000,000.00	0.00	0.00	0.00	0.00	0.00	1,000,000.00	24 Oct 2014	526,868.50

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

Project Page	<a href="https://www.adb.org/projects/42267-026/main">https://www.adb.org/projects/42267-026/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=42267-026">http://www.adb.org/forms/request-information-form?subject=42267-026</a>
Date Generated	18 April 2017

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