

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**GOVERNMENT SIGNS LOAN AGREEMENT WITH ASIAN DEVELOPMENT
BANK (ADB) FOR \$75 MILLION AND \$1.8 MILLION GRANT FOR KARNATAKA
INTEGRATED URBAN WATER MANAGEMENT INVESTMENT PROGRAM**

New Delhi, December 30, 2014

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Government of India signed an agreement with Asian Development Bank (ADB) here today for a \$75 million loan and a \$1.8 million grant that will help improve water resource management in three (3) towns of Karnataka in the Upper Tungabhadra sub-basin. This loan from the ADB's Ordinary Capital Resources has a 25-year term including a grace period of five years.

This first tranche of the loan under the Karnataka Integrated Urban Water Management Investment Program will help expand and upgrade urban water supply and sanitation infrastructure; improve water resource planning, monitoring and service delivery; and strengthen operational and administrative capacity in the three towns of Byadagi, Davanagere and Harihar.

Shri Tarun Bajaj, Joint Secretary, Department of Economic Affairs at the Ministry of Finance, signed the agreement on behalf of Government of India, and Shri Rajeev Singh, Officer-in-Charge of ADB's India Resident Mission, signed the agreement on behalf of ADB. The project agreement was signed by Shri D. Chandrashekariah, Joint Director, Planning, Urban Development Department, Government of Karnataka on behalf of Government of Karnataka and Shri Darpan Jain, Managing Director, Karnataka Urban Infrastructure Development & Finance Corporation Limited (KUIDFC) on behalf of KUIDFC.

Speaking on the occasion, Shri Bajaj said that he is happy to note that this project will help increase water treatment capacity by 15,000 cubic meters per day; help expand and upgrade more than 1,000 kilometers of water pipelines, and increase sewage treatment capacity by 48,000 cubic meters per day, thereby promoting water efficiency and environmental protection.

Shri Rajeev Singh, Officer-in-Charge of ADB's India Resident Mission said that the project will pioneer the establishment of Urban Local Bodies Incentive Fund to assist towns in implementing reforms and mainstreaming the use of performance-based contracts in ensuring continuous water services. He said that the project will also test the application of output based approaches to support program for poor and vulnerable households.

The investment program aims to improve water resource management in urban areas in a holistic and sustainable manner. Investment support will be provided to modernize and expand urban water supply and sanitation (UWSS) while strengthening relevant institutions to enhance efficiency, productivity and sustainability in water use. Innovative instruments, such as public-private partnership (PPP) or reform oriented incentive funds will also be pursued. The Program will seek to assist more fragile environments increasingly affected by water resource degradation,

often located in North Karnataka. The Program will also promote climate-resilient development, capacity-development for conducive adaptation.

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