



# Tranche-at-a-Glance Report

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## **PUBLIC**

Project Number: 48434-004  
MFF Number: 0093  
March 2023

## India: Visakhapatnam–Chennai Industrial Corridor Development Program (Tranche 2)

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Asian Development Bank

## TRANCHE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 48434-004	
<b>Project Name</b>	Visakhapatnam-Chennai Industrial Corridor Development Program (Tranche 2)	<b>Department/Division</b>	SARD/SAUW
<b>Country</b>	India	<b>Executing Agency</b>	Department of Industries & Commerce, Government of Andhra Pradesh
<b>Borrower</b>	India		
<b>Country Economic Indicators</b>	<a href="https://www.adb.org/Documents/LinkedDocs/?id=48434-004-CEI">https://www.adb.org/Documents/LinkedDocs/?id=48434-004-CEI</a>		
<b>Portfolio at a Glance</b>	<a href="https://www.adb.org/Documents/LinkedDocs/?id=48434-004-PortAtaGlance">https://www.adb.org/Documents/LinkedDocs/?id=48434-004-PortAtaGlance</a>		
<b>2. Sector</b>		<b>ADB Financing (\$ million)</b>	
✓ Water and other urban infrastructure and services	Other urban services		28.220
Industry and trade	Industry and trade sector development		63.500
Transport	Urban roads and traffic management		49.400
		<b>Total</b>	<b>141.120</b>
<b>3. Operational Priorities</b>		<b>Climate Change Information</b>	
✓ OP1: Addressing remaining poverty and reducing inequalities		GHG reductions (tons per annum)	815
✓ OP2: Accelerating progress in gender equality		Climate Change impact on the Project	Medium
✓ OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability			
✓ OP4: Making cities more livable		<b>ADB Financing</b>	
✓ OP6: Strengthening governance and institutional capacity		Adaptation (\$ million)	44.170
✓ OP7: Fostering regional cooperation and integration		Mitigation (\$ million)	0.290
		<b>Cofinancing</b>	
		Adaptation (\$ million)	0.000
		Mitigation (\$ million)	0.000
<b>Sustainable Development Goals</b>		<b>Gender Equity and Mainstreaming</b>	
SDG 1.a		Effective gender mainstreaming (EGM)	✓
SDG 5.5			
SDG 9.2, 9.4		<b>Poverty Targeting</b>	
SDG 10.1		General Intervention on Poverty	✓
SDG 11.2			
SDG 12.6			
SDG 13.a			
<b>4. Risk Categorization:</b> Complex			
<b>5. Safeguard Categorization</b> Environment: B Involuntary Resettlement: A Indigenous Peoples: B			
<b>6. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>141.120</b>	
Sovereign MFF-Tranche (Regular Loan): Ordinary capital resources		141.120	
<b>Cofinancing</b>		<b>0.000</b>	
None		0.000	
<b>Counterpart</b>		<b>73.680</b>	
Government		73.680	
<b>Total</b>		<b>214.800</b>	
<b>Currency of ADB Financing:</b> US Dollar			

## TRANCHE AT A GLANCE

Date of Receipt by ADB of PFR:

Tranche Number: 2

### 7. Country Partnership Strategy

CPS

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

### 8. Tranche Summary

The proposed project is the second tranche of the multitranche financing facility (MFF) for Visakhapatnam-Chennai Industrial Corridor Development Program (VCICDP). With the comprehensive support through upstream strategic studies and regular programmatic interventions, tranche 2 will unlock the state's manufacturing potential through fostering industrial agglomeration with holistic infrastructure support, investment promotion, and skills development. The project will also strengthen climate and disaster resilience and integrate industrial and urban planning for more competitive and livable cities.

**Impact:** Contribution of the manufacturing sector to the state's gross domestic product, trade, and employment increased.

**Outcome:** Industrial investment and employment of the Visakhapatnam-Chennai Industrial Corridor (VCIC) increased.

**Outputs:** (i) Visakhapatnam industrial node infrastructure strengthened, (ii) Srikalahasti-Chittoor industrial node infrastructure strengthened, (iii) Sustainable, green, and integrated industrial development enhanced.

**Implementation Arrangements:** Department of Industries & Commerce, Government of Andhra Pradesh will be the executing agency.

**Project Readiness:** The project readiness is high, with (i) the project management unit and project implementation units functional, (ii) consultants to supervise the proposed project already mobilized under tranche 1, and (iii) 35% of works contracts already awarded.

### 9. Significant Developments in the MFF and Previous Tranches

The Asian Development Bank (ADB) approved on 20 September 2016 a MFF worth \$500 million and a policy-based loan (PBL) worth \$125 million for the VCICDP. ADB also approved on that day a technical assistance (TA) worth \$1 million. On 26 September 2016, ADB approved a loan of \$245 million for project 1 under the first tranche of the MFF and administration of a \$5 million grant from the Urban Climate Change Resilience Trust Fund (UCCRTF) under the Urban Financing Partnership Facility. The MFF and grant support priority infrastructure investments in the VCIC, and the PBL and TA support policy reform and institutional development in the state.

The strategic aim of the VCICDP road map-to promote manufacturing growth and foster high-quality jobs-has been relevant since ADB approved the program. The MFF has shown steady progress with its performance rated on track except for 2021. With investment support through projects 1 and 2 of MFF, the VCICDP will develop two industrial clusters in the Visakhapatnam node (Rambilli and Nakkapalli) and two clusters in the Srikalahasti-Chittoor node (Naidupeta and Chittoor-South). Under project 1, all civil works packages were awarded and \$147.2 million disbursed, or 60.0% of the loan amount. Two of the eight subprojects were completed. The Naidupeta industrial cluster is being developed, with physical progress at 75% for the provision of high-quality infrastructure such as internal roads, an electric power supply system, storm water drains, a common effluent treatment plant, and a water supply system including bulk water facilities, storage reservoirs, and a distribution system. GoAP has shown continuous commitment to the investment program through implementing the enhanced state policies to promote structural economic transformation.

GoAP has implemented, through the PBL, a policy reform to improve corridor management and ease of doing business. The institutional foundation has been laid for a state industrial corridor management authority to assume sole responsibility for regulating corridor development. The state government has created an enabling environment for the industry by offering incentives to investors including women, providing skills development training, and establishing a statewide single desk. All two tranches of PBL were released. These interventions contributed to Andhra Pradesh's first ranking among India's states for ease of doing business in 2016-2019. VCICDP has been supporting industries across their entire business value chain by reducing the upfront risks in setting up a business, providing reliable basic services, and ensuring skilled labor for quality production.

The UCCRTF grant strengthens urban climate change resilience in Visakhapatnam with a grid-connected floating solar photovoltaic field, lake rejuvenation, and an e-vehicle pilot program. The floating solar and lake rejuvenation were already completed. ADB TA has supported GoAP to implement policy action under the PBL and develop the Green Corridor Concept Framework, designed to make VCIC a green and inclusive manufacturing hub that promotes sustainable economic growth while mitigating environmental impact.

## TRANCHE AT A GLANCE

10. Milestones		
<b>Estimated Approval</b>	<b>Estimated Completion<sup>a</sup></b>	
25 April 2023	19 September 2026	
11. Linked Documents		
	Required Document	Disclosure Date
Tranche	Draft Periodic Financing Request Report	
Weblink:	<a href="http://www.adb.org/Documents/LinkedDocs/?id=48434-004-DraftPFR">http://www.adb.org/Documents/LinkedDocs/?id=48434-004-DraftPFR</a>	The Final PFR Report is disclosed upon approval
(i) Environment	IEE - Initial Environment Examination	
Weblink:	<a href="https://www.adb.org/projects/documents/ind-48434-004-iee-4">https://www.adb.org/projects/documents/ind-48434-004-iee-4</a>	30-JAN-2023
	IEE - Initial Environment Examination	
	<a href="https://www.adb.org/projects/documents/ind-48434-004-iee">https://www.adb.org/projects/documents/ind-48434-004-iee</a>	27-JAN-2023
	IEE - Initial Environment Examination	
	<a href="https://www.adb.org/projects/documents/ind-48434-004-iee-5">https://www.adb.org/projects/documents/ind-48434-004-iee-5</a>	30-JAN-2023
	IEE - Initial Environment Examination	
	<a href="https://www.adb.org/projects/documents/ind-48434-004-iee-3">https://www.adb.org/projects/documents/ind-48434-004-iee-3</a>	30-JAN-2023
	IEE - Initial Environment Examination	
	<a href="https://www.adb.org/projects/documents/ind-48434-004-iee-0">https://www.adb.org/projects/documents/ind-48434-004-iee-0</a>	30-JAN-2023
	EARF - Environmental Assessment and Review Framework	
	<a href="https://www.adb.org/projects/documents/ind-48434-004-earf">https://www.adb.org/projects/documents/ind-48434-004-earf</a>	30-JAN-2023
	IEE - Initial Environment Examination	
	<a href="https://www.adb.org/projects/documents/ind-48434-004-iee-2">https://www.adb.org/projects/documents/ind-48434-004-iee-2</a>	30-JAN-2023
	IEE - Initial Environment Examination	
	<a href="https://www.adb.org/projects/documents/ind-48434-004-iee-1">https://www.adb.org/projects/documents/ind-48434-004-iee-1</a>	30-JAN-2023
(ii) Involuntary resettlement	RP - Resettlement Plan	
Weblink:	<a href="https://www.adb.org/projects/documents/ind-48434-004-rp-0">https://www.adb.org/projects/documents/ind-48434-004-rp-0</a>	06-FEB-2023
	RF - Resettlement Framework	
	<a href="https://www.adb.org/projects/documents/ind-48434-004-rf">https://www.adb.org/projects/documents/ind-48434-004-rf</a>	06-FEB-2023
	RP - Resettlement Plan	
	<a href="https://www.adb.org/projects/documents/ind-48434-004-rp-1">https://www.adb.org/projects/documents/ind-48434-004-rp-1</a>	06-FEB-2023
	RP - Resettlement Plan	
	<a href="https://www.adb.org/projects/documents/ind-48434-004-rp-2">https://www.adb.org/projects/documents/ind-48434-004-rp-2</a>	06-FEB-2023
	RP - Resettlement Plan	
	<a href="https://www.adb.org/projects/documents/ind-48434-004-rp-4">https://www.adb.org/projects/documents/ind-48434-004-rp-4</a>	06-FEB-2023
	RP - Resettlement Plan	
	<a href="https://www.adb.org/projects/documents/ind-48434-004-rp">https://www.adb.org/projects/documents/ind-48434-004-rp</a>	06-FEB-2023
	RP - Resettlement Plan	
	<a href="https://www.adb.org/projects/documents/ind-48434-004-rp-3">https://www.adb.org/projects/documents/ind-48434-004-rp-3</a>	06-FEB-2023
(iii) Indigenous peoples	IPPF - Indigenous Peoples Planning Framework	
Weblink:	<a href="https://www.adb.org/projects/documents/ind-48434-004-ippf">https://www.adb.org/projects/documents/ind-48434-004-ippf</a>	06-FEB-2023
(iv) Resettlement and Indigenous peoples	RIPP - Resettlement and Indigenous Peoples Plan	
Weblink:	<a href="https://www.adb.org/projects/documents/ind-48434-004-remdp">https://www.adb.org/projects/documents/ind-48434-004-remdp</a>	06-FEB-2023

<sup>a</sup> For Tranches, this refers to the financial closing date.