



India: Karnataka State Highways Improvement III Project

Project Name	Karnataka State Highways Improvement III Project	
Project Number	42513-015	
Country	India	
Project Status	Closed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 8691-IND: Karnataka State Highways Improvement III Project	
	Technical Assistance Special Fund	US\$ 600,000.00
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Private sector development	
Sector / Subsector	Transport - Road transport (non-urban)	
Gender Equity and Mainstreaming	Some gender elements	
Description	<p>The Karnataka State Highways Improvement III Project (KSHIP-III) is designed to improve transport connectivity in the state by rehabilitating and upgrading state highways (SHs) forming part of the Core Road Network (CRN) in the state. The Project constitutes (i) rehabilitating and upgrading about 500km of SHs; (ii) improving road maintenance and asset management through the use of public-private partnerships (PPP); and (iii) improving road safety. Consulting services will be provided to supervise the implementation of civil works. A project preparatory technical assistance (PPTA) of \$600,000 is included, which is completed.</p> <p>The impact of the project will be improved road transport connectivity in the state of Karnataka. The outcome will be improved road accessibility and road efficiency in Karnataka. The outputs will be (i) improved and rehabilitated state roads; (ii) improved road maintenance and asset management and; (iii) road safety improved.</p>	

Project Rationale and Linkage to Country/Regional Strategy

State Context: Karnataka state in the south-west of India has an area of about 192,000 sq.km and population of about 61 million. Karnataka has been amongst the fast growing states in India, unemployment rate and poverty are lower than the national averages, and the state receives substantial foreign direct investment. In terms of transportation, the rail network in the state is rather sparse, with only about 3000 route km, mostly on single line. Because of the terrain along the Western Ghats (hill ranges), east-west rail connectivity is also limited to just one line from Hassan in the hinterland to Mangalore on the west coast. The road network is therefore a critical element of the economic infrastructure. Under ADB TA 7324-IND, Technical Assistance for Karnataka State Highway Network Improvement, consultants completed a study for identifying a 'Core Road Network' (CRN) in the state, as given in the following table:

Administrative Class:- Total km

National Highways (NH):- 4,491

State Highways (SH):- 18,470

Major District Roads (MDR):- 1,265

Total:- 24,226

Priority Road Corridors: A pre-feasibility report was conducted on the CRN, based on broad financial assumptions, to categorize projects that could be taken up on some form of PPP: toll based, or with state support for part of capital cost, and/or availability payments on an annuity basis. Based on these studies, KSHIP identified nine key road corridors, portions of which will be taken up for upgrading through ADB's financial assistance, using appropriate PPP frameworks.

Road Institutions: Karnataka Public Works, Ports, and Inland Water Transport Department (KPWD) is the main institution of the government of Karnataka (GOK), responsible for SHs and MDRs. KPWD established Karnataka Road Development Corporation (KRDCL) in 1999, to promote surface infrastructure by taking up specific road works and bridges, and to take up projects on PPP formats. In addition, Karnataka State Highways Improvement Project (KSHIP) was established as a project implementation unit (PIU) to undertake multilaterally financed projects. KSHIP has an independent structure with its own offices, staff, and headed by a Chief Project Officer. For rural roads, GOK has established the Karnataka Rural Roads Development Agency (KRRDA), which manages rural roads through KRRDA funds made available from the state budget and national rural roads scheme.

Government Strategy: While Karnataka is amongst the better performing states in India, development is uneven, being focused around the capital region of Bangalore/ Mysore and the coastal towns of Mangalore/ Udupi. Given its poor rail network, Karnataka is heavily dependent on its road network for linkage between the rural and urban economies. In its state road policy (2009) GOK recognizes the importance of road development as an engine of economic growth, and proposes to develop the CRN to Indian Roads Congress (IRC) Standards with 2-lane width. To achieve this, GOK has been using a combination of budgetary, PPP, World Bank, and ADB financing to improve state roads. KSHIP-I was a World Bank Project of 2001 approval for \$360 million, addressing about 2400 km of roads. KSHIP-II, which is ongoing and covers about 1500 km of roads, has two parts: a World Bank approval of 2011 for a \$350 million loan, and an ADB approval of 2010 for a \$315 million loan. However, the development of the CRN roads requires further substantial funding, estimated to be of the order of \$1.7 billion.

ADB's Participation: ADB's contribution to such development will foster inclusiveness by enabling larger segments of the state's population to better access markets and basic services. The project will also continue and strengthen ADB's engagement in the state and benefit the state's road program with continuity and consistency. ADB's value addition would also be from the proposed use of private sector financing to leverage government financing while improving sustainability of capital investments, as well in structuring an accident response system to improve road safety. The project is harmonious with the strategic objective set out in the Country Partnership Strategy 2013-2017 on development of state core network, with the transport sector objective of increased, more efficient, and sustainable movement of people and goods. The project is included in the Country Operations Business Plan: India (2013-2015), and the Department of Economic Affairs, Ministry of Finance, Government of India (DEA) has cleared the project for ADB's financial assistance.

Impact

Project Outcome

Description of Outcome

Progress Toward Outcome

Implementation Progress

Description of Project Outputs

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	<p>The potential primary beneficiaries of the project are the road users, communities in the vicinity of the project influence area, villagers, Panchayats (rural local government), KPWD, other development partners active in India's transport sector development, and business and community groups. The poor and the excluded also get an easy access to roads, which further help them in reaching markets and other services. Adversely impacted stakeholders would primarily be those who lose land or livelihood. However, the Project's focus is on improving and rehabilitating existing roads, thus land acquisition will be limited to areas where roads need some geometric improvement, bridge approaches, or 'bypasses' to avoid infringing existing settlements. Adverse impacts will be mitigated through proper stakeholder consultations and incorporated into the resettlement plan.</p> <p>The proposed Project's objective is improved road connectivity in the state of Karnataka, leading to improved access to basic services, trade, and employment. Primary concerns for poor and vulnerable stakeholders would be loss of land and/or livelihood as a result of land acquisition activities. The project preparation will include investigations and consultations covering all beneficiaries, including the poor and vulnerable stakeholders.</p> <p>The proposed Project will build on the consultation and community participation exercises undertaken during the PPTA, with the support from PPTA consultants NGOs, and CBOs. These include community participation for planning, design and implementation in highly dense and poor settlements. Community consultations will also be carried over to the project implementation stages and user awareness will be included as an important activity.</p> <p>Community meetings and focus group discussions will be organized as part of the poverty and social analysis. The local consultative meetings will involve all relevant stakeholders including representatives of the poor and other socially excluded groups (e.g., women, scheduled tribes, etc.) to disseminate the information as well as to get the feedback about the project design and its potential impacts. Other key stakeholders such as the relevant line departments, local government representatives and NGOs will also be consulted. Consultations will also be undertaken with the affected households and communities during the course of the census survey and socioeconomic survey along the project roads for the preparation of the safeguard plans.</p>
During Project Implementation	Stakeholder communication and consultation is being carried out as described in the project design. These are work-in-progress.

Business Opportunities

Consulting Services	<p>All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (March 2013, as amended from time to time).</p> <p>1. A consortium of firms had been engaged to undertake the Project Preparatory Technical Assistance (PPTA). The consulting firm had been engaged following the quality- and cost-based selection method, with a quality-cost ratio of 90:10 using bio-data technical proposal procedures. This PPTA has now been completed.</p> <p>2. KSHIP will recruit firm(s) (or consortia of firm(s)) to provide "Independent Engineer" services for the project. The recruitment process commenced in the second quarter of 2016.</p>
Procurement	All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (April, 2015, as amended from time to time). KSHIP envisages the application of advance contracting to accelerate implementation. Procurement for works, potentially using a public-private partnership on a "hybrid annuity model" will likely commence by Q4 of 2016.

Responsible Staff

Responsible ADB Officer	Peri, Ravi Venkat
Responsible ADB Department	South Asia Department
Responsible ADB Division	Transport and Communications Division, SARD
Executing Agencies	<i>Public Works Department, Government of Karnataka Public Works, Port & Inland Water Transport Department #335, 3rd Floor, Vikasa Soudha Bangalore-560 001, Karnataka, India</i>

Timetable

Concept Clearance	-
Fact Finding	-
MRM	-
Approval	24 Jul 2014
Last Review Mission	-

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Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
24 Jul 2014	12 Dec 2014	12 Dec 2014	30 Sep 2015	30 Sep 2016	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
600,000.00	0.00	30,000.00	0.00	0.00	0.00	630,000.00	24 Jul 2014	562,141.00

Project Page <https://www.adb.org/projects/42513-015/main>

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