

## **Management Response to IED's Sector Assistance Program Evaluation of ADB's Support for Urban Infrastructure and Services in India, 2012–2022**

On 20 November 2023, the Director General, Independent Evaluation Department, received the following response from the Managing Director General on behalf of Management:

### **A. General Comments**

1. Management welcomes the Sector Assistance Program Evaluation Report on ADB's Support for Urban Infrastructure and Services in India, 2012–2022 prepared by the Independent Evaluation Department (IED). The report provides valuable lessons and inputs to help ADB improve future investments in the urban sector operations in supporting India and increase the development impact from its operations in the urban sector. Management acknowledges the efforts of IED to incorporate the comments and inputs provided during the interdepartmental review process.

2. Management concurs with the main findings and conclusions of the evaluation. The recommendations address key issues that are affecting performance. As identified by IED, strengthening an integrated approach, replicating best practices, and strengthening the enabling environment for the private sector, are priority areas that management would like to focus on further.

### **B. Management Response to the Recommendations**

**3. Recommendation 1. ADB should strengthen its comprehensive approach and adopt integrated planning and coordinated implementation in urban development and municipal service provision.**

*Management agrees.* This recommendation is helpful for ADB to harness synergies between different subsector interventions and improve the overall effectiveness of its operations in the urban sector. It aligns with the urban and water sector support of ADB to India under its country partnership strategy, 2023–2027, which envisages (i) universal access to improved urban services; (ii) green, resilient, and livable cities development through integrated urban planning; and (iii) enhanced urban governance for delivering sustainable municipal services. The report advises to adopt a multisectoral approach with formal internal arrangements that are necessary for intersectoral collaboration to be effective. ADB is taking measures to enhance coordination among the relevant sector offices of the Sectors Group (i.e., agriculture, food, nature, and rural development; transport; energy; and water and urban development), the South Asia Regional Department, and India Resident Mission (INRM), to improve overall effectiveness of operations in the sector. Moreover, in line with the Operational Plan For Priority 4 of Strategy 2030<sup>11</sup>, ADB is supporting cities in India through meaningful cross-sector collaboration and integrated approach such as in the Visakhapatnam–Chennai Industrial Corridor Development Program, 2016–2026. This approach encourages collaboration between the sovereign and nonsovereign operations of ADB, synergy in knowledge solutions and infrastructure investments, and integrated solutions through collaboration across the sectors and themes.

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<sup>1</sup> Operational Priority 4: Making Cities More Livable, [Strategy 2030 Operational Plans Overview](#)

**4. Recommendation 2. ADB should continue to take measures to reduce delays and improve the quality of implementation.**

*Management agrees.* The report acknowledges use of advance contracting by ADB, a practice that is already embedded in ADB operations, especially in the urban sector in India. The current project readiness checklist of the Government of India is considered stringent and most robust compared to other developing member countries and will continue to be implemented while preparing and administering the urban sector projects. While acknowledging that it is a good suggestion for future landfill investment projects, ADB project teams will explore if the entire land area should be acquired instead of 50% in consultation with the government. The report recommends retaining the loan approval team for project implementation—this has been a standard practice in the urban sector in India for typically 12–24 months (or more) from effectiveness and will be continued.

**5. Recommendation 3. ADB needs to accelerate knowledge exchange and incentive mechanisms for successful project implementation practices across states and cities in India.**

*Management agrees.* This can help improve the quality of project implementation and increase the development impact of ADB operations. These activities have already become embedded in ADB operations with the use of many innovative instruments, as highlighted in the knowledge products—Kolkata, Rajasthan, and Karnataka; INRM Capacity Development Resource Center annual programs, which have high participation rates from executing and implementing agencies across the urban portfolio. More recently, ADB organized an “Urban Forum for Sustainable Municipal Service Delivery” in Kolkata, India, on 7–8 November 2023, where it showcased good practices in the sector across various states, mostly financed by ADB, and shared insights of international best practices in water supply and wastewater management. ADB actively uses technical assistance to support selected states and urban local bodies for replication by other states and urban local bodies. More of these initiatives will be pursued in an accelerated manner.

**6. Recommendation 4. ADB should stay engaged in the full cycle of solid waste management services, including implementation of landfill projects, given the importance of such services in ensuring urban sustainability and livability.**

*Management agrees.* This is a crucial recommendation as solid waste management services are essential for ensuring urban sustainability and livability and align with the drive of the government towards cleanliness under its Swachh Bharat (Clean India) Mission (SBM)-Urban 2.0, 2021–2026. ADB is processing a results-based loan to support the implementation of SBM-Urban 2.0 for Board consideration on 12 December 2023, which is expected to boost the improvement of solid waste management in states and cities. While India is in the early stages of implementing public–private partnerships in the urban sector, this initiative is being pursued under the ongoing Sustainable Urban Development and Service Delivery Program of ADB (a policy-based loan to India over two subprograms, 2021–2024, implemented by the executing agency, Ministry of Housing and Urban Affairs) and projects, and will be continually explored and promoted. Management acknowledges the close linkage between solid waste management and urban flood management and have incorporated consideration for solid waste management in the design of the ongoing impactful stormwater management and flood control project in Chennai. ADB will continue to do so in similar projects in other cities in the future.

**7. Recommendation 5. ADB should enhance its upstream policy and regulatory analytical work to strengthen the private sector enabling environment and to enable adequate and reliable revenue streams.**

*Management agrees.* ADB recognizes that these are essential for the long-term sustainability of ADB operations in the urban sector. ADB will continue finding ways, across the Water and Urban Development Sector Office, other Sector Offices (e.g., Public Sector Management and Governance), and the Office of Markets Development and Public–Private Partnership to enhance support to developing member countries for upstream policy and regulatory analytical work to strengthen the private sector enabling environment, enhance creditworthiness of cities, and to enable adequate and reliable revenue streams. In line with the recommendation, ADB has been including a component to strengthen the own source revenue collection of cities such as property tax in ADB projects where relevant and initiating technical support to enhance creditworthiness of selected cities so that they can mobilize more financing from the private sector. ADB will further enhance activities (e.g., legal and regulatory reforms) that would lead to a strengthened private sector enabling environment necessary to spur increasing revenue streams.