

MAJOR LOAN COVENANTS

Major Loan Covenants & Action Plans for 1813 - IND

Major Loan Covenants already been complied or are being complied with

Loan Covenants Complied	Loan Covenants being complied with
1. LA, Schedule 6, Para 1	1. LA, Schedule 6, Para 4
2. LA, Schedule 6, Para 2 & 3	2. LA, Schedule 6, Para 8
3. LA, Schedule 6, Para 12(a)	3. LA, Schedule 6, Para 9
4. LA, Schedule 6, Para 13	4. LA, Schedule 6, Para 10
5. LA, Schedule 6, Para 14	5. LA, Schedule 6, Para 11
6. LA, Schedule 6, Para 19	6. LA, Schedule 6, Para 17
7. LA, Schedule 6, Para 20	7. LA, Schedule 6, Para 18
8. LA, Schedule 6, Para 23	8. LA, Schedule 6, Para 27
9. LA, Schedule 6, Para 25	
10. LA, Schedule 6, Para 26	
11. LA, Schedule 6, Para 28	
12. LA, Schedule 6, Para 29	
13. LA, Schedule 6, Para 30(b)	
14. LA, Schedule 6, Para 30(c)	
15. LA, Schedule 6, Para 31	

Major Loan Covenants not yet due

1. LA, Schedule 6, Para 5
2. LA, Schedule 6, Para 7

Major Loan Covenants partially complied

Covenants	Status
<p>1 Reports, Accounts, and Midterm Review</p> <p>Submission of reports, accounts and financial statements within agreed time frames satisfactory to the Bank. (LA, Schedule 6, para 6)</p>	<p>Audited Project Accounts for 2007-08 of KEIP has been sent to ADB vide memo no. PMU 735/08-09 dated 09.09.08. Financial Statements of KMC and I&WD for the financial year 2007-08 have also been submitted. Annual Financial Statements for KMC will be submitted once the audit report is received from the Examiner of Local Accounts. The audit process is complete and it is expected that the audit report will be received within 31st May, 2009.</p>
<p>2 Policy and Institutional Reform</p> <p>The KMC shall undertake a program of metering all water consumers with 20mm ferrule size or more...and (c) 100% of all such consumers shall be metered by the end of FY2004/2005. All consumers shall be metered by the end of FY2009/2010 (LA, Schedule 6,</p>	<p>Compliant on metering industrial, commercial and institutional consumers. Noncompliant on metering domestic consumers. Based on lessons from Project Implementation, it was agreed that a more phased implementation road map was needed to achieve the original objectives, for example, installing 100000 domestic water meters initially on a pilot basis. Such a road map is reflected in additional covenants for the proposed Loan Agreement for supplementary</p>

Covenants

Status

para 12)

financing. "Willingness to Pay" Study completed by Jadavpur University. After prequalification, bid documents have been handed over to three (3) pre-qualified bidders. Two of them submitted the technical bid. Technical Evaluation Report has been forwarded to ADB. After getting clearance the bidders will be requested to submit the financial bid under two stage two envelope procedure.

Major Loan Covenant not yet complied

Covenants

Status

Financial Reform

- 1 Subject to the ongoing World Bank studies on metering and para. 12 of LA, the State and KMC shall ensure that a progressive block rate of water tariff and sewerage surcharge, based on metering of such water supply consumers as previously agreed to with the Bank, shall be implemented such that ... the adoption of such water tariff and sewerage surcharge shall be completed in the KMC's jurisdictional area at the end of FY2007/2008 (LA, Schedule 6, para. 16)

Based on lessons from Project Implementation, it was agreed that a more phased tariff implementation road map was needed with firm milestone to achieve the original objectives of the Project. Such a road map has been reflected in additional covenants in the proposed Loan agreement for supplementary financing. Based on WTP study conducted by Jadavpur University, Mayor-in- council in KMC has adopted a strategy for implementation of water tariff. Hon'ble Mayor in his budget speech for 2008-09 has declared to implement the strategy in a phased manner. Accordingly, process for charging flat rate water tariff for the domestic consumers having ferrule size of more than 80 mm has been completed which includes approval in municipal corporation through inclusion in schedule of charges for 2008-09, revision of existing regulation on this issue by the state government and generation of bills to consumers.

- 2 By 31 December 2004, the KMC shall have amended its contract with the Kolkata Port Trust (KPT) under Section 17(7) of the KMC Act and the State shall have ratified such an amendment which shall ensure a revision satisfactory to the Bank, to the exemption or reduction on property tax for KPT properties. (LA, Schedule 6, para. 21)

The matter was discussed in the TPRM held between 21st to 22nd July'08 at OOTY and it was decided that the covenants will be dropped. We are yet to receive any formal notification of this issue.

Major Loan Covenants not applicable

1. LA, Schedule 6, para 32

Major Loan Covenants not relevant

1. LA, Schedule 6, para 15

Major Loan Covenants & Action Plans for 2293 - IND

Major Loan Covenants that are being complied with

1. LA, Schedule 5, para 1-4
2. LA, Schedule 5, para 7
3. LA, Schedule 5, para 12
4. LA, Schedule 5, para 8
5. LA, Schedule 5, para. 9

Major Loan Covenants those are ongoing

Covenants

Project Implementation

Completion of Project specific EKW study (LA, Schedule 5, para 13)

Safeguards Compliance Monitoring (LA, Schedule , para 14-17)

Good governance measures implementation (LA, Schedule 5, para. 18)

Major Loan Covenants those are overdue

Covenants

Status

Project Implementation

Baseline data for Capacity Building Program funded by DFID will be established by March 2007 (LA, Schedule 5, para 5-6)

Final Report has been forwarded to INRM ADB for taking necessary action.

Procurement of 100000 water meters by 28th February 2007. (LA, Schedule 5, para 11)

After prequalification, bid documents have been handed over to three (3) pre-qualified bidders. Two of them submitted the technical bid. Technical Evaluation Report has been forwarded to ADB. After getting clearance the bidders will be requested to submit the financial bid under two stage two envelope procedure.