

**ASIAN DEVELOPMENT BANK (ADB) AND THE GOVERNMENT OF INDIA  
SIGN \$ 84 MILLION LOAN FOR IMPROVEMENT AND EXPANSION OF  
WATER SUPPLY IN THE STATE OF BIHAR**

The Asian Development Bank (ADB) and the Government of India signed a \$84 million loan on 23rd February, 2018 for improvement and expansion of water supply in Bhagalpur and Gaya towns in the State of Bihar.

The tranche 2 loan is part of the \$200 million multi-tranche financing facility (MFF) for the Bihar Urban Development Investment Program that was approved by ADB in 2012 to provide sustainable urban infrastructure and services in four towns in Bihar – Bhagalpur, Gaya, Darbhanga, and Muzaffarpur.

“The Project 2 will improve access to better quality and sustainable water supply, for the people of Bhagalpur and Gaya towns. It will also promote better water management practices that will result in a citywide coverage with 24-hour uninterrupted supply of treated water of 135 liters per capita per day in both cities,” said Sameer Kumar Khare, Joint Secretary (Multilateral Institutions), Department of Economic Affairs, Ministry of Finance, who signed the loan agreement for Government of India.

“The loan finances will support civil works subprojects and would benefit 1.1 million people in the two project towns with increased coverage of treated water supply by 2021; train 400 urban local body (ULB) staff in the management and operation and maintenance (O&M) of water supply systems, and help ULBs improve technical and financial management of the water supply operations,” said Kenichi Yokoyama, Country Director of ADB’s India Resident Mission who signed the agreement for ADB. The project agreement was signed by Vipin Kumar, Resident Commissioner on behalf of the Government of Bihar.

The two towns of the project would achieve the national urban service goals or match many of the national averages for urban service delivery performance in India. The investment program will assist ULBs in designing affordable tariffs for O&M cost recovery.

The loan will have a 25-year term, including a grace period of 5 years, an annual interest rate determined in accordance with ADB’s lending facility based on the London interbank offered rate (LIBOR), and a commitment charge of 0.15% per year.

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