

India : Chennai City Partnership Sustainable Urban Services Program

1. Project Information

Project ID:	P000477	Instrument ID:	L0477A
Member:	India	Region:	Southern Asia
Sector:	Urban	Sub-sector:	Urban public services
Instrument type:	<input checked="" type="checkbox"/> Loan:150.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	World Bank
ES category:	B	Borrowing Entity:	Ministry of Finance, India
Implementing Entity:	The State of Tamil Nadu		
Project Team Leader:	Ronald Muana		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Bernardita Saez, Project Counsel; Liu Yang, Alternate Counsel; Shodi Nazarov, OSD - Financial Management Specialist; Guoping Yu, OSD - Procurement Specialist; Ronald Muana, Team Member; Jyosyula Siva Rama Krishna Sastry, OSD - Environment & Social Development Specialist; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Mar, 2022 Kick off Mission March 21 to April 5th (joined virtually) Sep, 2022 Joint mission with WB Mar, 2023 Joint mission with WB Sep, 2023 Joint Technical Mission with World Bank. Ronald Muana (PTL), Mohan Dharmapuram (Water Engineering Consultant) Nov, 2023 Joint Supervision Mission with World Bank. Ronald Muana (PTL). Jitender Pal (Urban Consultant)		
Planned Site Visits by AIIB:	May, 2024 Tentative Joint Supervision Mission with World Bank		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2023/06		

2. Project Summary and Objectives

The Project objective is to strengthen institutions and improve the quality and financial sustainability of selected urban services in the Chennai Metropolitan Area (CMA).

The southern State of Tamil Nadu is one of India's most urbanized and economically advanced states. The Chennai Metropolitan Area (CMA) dominates the State's demographic and economic landscape. However, CMA is facing tremendous infrastructure deficits and low service quality in core urban sectors such as water resource management (WRM), water supply and sanitation (WSS), urban mobility, solid waste management (SWM), and public health. CMA is also highly vulnerable to natural disasters, climate change, and, as the COVID-19 emergency revealed, to pandemics. Given these challenges, the Government of Tamil Nadu (GoTN) set up a multi-phased urban service improvement program for 2021-2030 (Chennai 2030 program) to transform Chennai into a city that is green, livable, competitive, and resilient. The Project will support Phase 1 of the Chennai 2030 program with USD701 million in financing over five years (2021-2026) using the for Results (PforR) financing instrument. The Project will focus on improving the delivery of selected metro-level services. Under the PforR instrument, Project funds will be disbursed by the WB and AIIB to the Government of India (GoI) upon the satisfactory achievement of yearly targets for Disbursement-Linked Indicators (DLIs) after verification by an Independent Verification Agent (IVA).

3. Key Dates

Approval:	Nov. 11, 2021	Signing:	Nov. 30, 2021
Effective:	Mar. 02, 2022	Restructured (if any):	Sep. 13, 2022
Orig. Closing:	Dec. 31, 2026	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	4.68	Latest disbursement (amount/date):	0.25/Jun. 27, 2023
Undisbursed:	145.33	Disbursement Ratio (%) ¹ :	3.12

5. Project Implementation Update

The Project faced start-up delays due to natural disasters in Q4 2021, and a third COVID-pandemic wave in Chennai in Q1 2022. Since then, the project has made steady progress towards achieving the PDO, and targets of the Disbursement Linked Indicators (DLIs), which are detailed in section 7. DLI achievements as of the last mission in November 2023 include:

- Year 2 Disbursement Linked Result 2: ("Urban mobility"). On-track to be achieved by the end of 2023.
- Year 2 Disbursement Linked Result 5: ("Health-related"). Achieved. Verification Report on-going.
- Year 2 Disbursement Linked Result 6: ("Transport contracts"). Achieved. Verification Report on-going.
- Year 1 Disbursement Linked Result 7: ("Policy for customer metering adopted by CMWSSB"). Achieved. Verification Report complete. Disbursed on Apr 2023.
- Year 2 Disbursement Linked Result 9: ("Percentage increase in Own Source Revenues by GCC"). Achieved. Verification Report on-going.
- Year 1 Disbursement Linked Result 10: ("Percentage increase in O&M costs covered by user charges of WSS services delivered by CMWSSB"). Partially achieved. Verification complete. Disbursement is being processed.

The Project, meanwhile, faces delays in some DLIs that require wider groundwork, namely:

- Year 1 Disbursement Linked Result 1: ("Staffing-related targets in GCC"). Updating of the staffing plan is still ongoing due to delays due to new legislation. Issuance of required Government Order targeted by Q1 2024.

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

- Year 1 Disbursement Linked Result 3: ("Water resource development"). Submission of draft Water Act delayed due to lengthy consultative process. Target to catch up on year 1 and year 2 targets within 2024.
- Year 1 Disbursement Linked Result 4: ("Efficiency and transparency of public procurement in GCC and CMWSSB"). Ongoing roll-out of eProcurement road map and staff training.
- Year 1 Disbursement Linked Result 8: ("Service level baseline survey for improved access to water supply by CMWSSB"). On-going finalization of the survey instruments and for implementation by Q1 2024. Targeted for completion by Q2 2024.

The succeeding component discussion provides further details for each DLI. The Project Team is closely monitoring the catch-up program for the DLIs encountering delays.

Components	Physical Progress	Environmental & Social Compliance	Procurement
DLI 1. Reduction in vacancy rates of Group A and B cadre of GCC to enhance professional capability. Group A and B are the grades for the professional level	Status: <ul style="list-style-type: none"> • Recruitment modality changed. GCC's staffing plan is currently being finalized to reflect the new Municipal Act. - A Government Order (GO) is required to operationalize the plan and is expected to be issued by March 30, 2024. - Vacancies are targeted to be substantially filled by June 30, 2024. • Need to send restructuring proposal to the DEA for the aforementioned change in recruitment modality by Dec 30, 2023 • Need to issue GO for the revised staffing pattern for Group A & B cadres in GCC and initiate the filling of vacancies by Jan 31, 2023. 	N/A	N/A
DLI 2. Operationalization of Chennai Unified Metropolitan Transport Authority (CUMTA) with enhanced capacity and control over sector budget allocation	Status: <ul style="list-style-type: none"> • Year-one target was achieved in May 2023. • The finalization of the Comprehensive Mobility Plan (CMP) is delayed due to ground survey issues. Alternative means to complete data 	CUMTA's environmental and social experts are both hired and carrying out their capacities.	N/A

to oversee urban mobility in the metropolitan areas.	requirements being implemented <ul style="list-style-type: none"> • The passing of the CUMTA Act is delayed. GoTN's updated target is Jun 30, 2024. 		
DLI 3. Strengthened institutions for coordinated water management and security.	Status: <ul style="list-style-type: none"> • DLI 3.1: The draft Water Act has been prepared and has gone through the review of the State Planning Committee. The next step is the submission of the updated draft Water Act to the State's Law Department by Jan 2024 to be followed by the final submission of the draft Water Act to the Cabinet. • DLI 3.2: The establishment of the Water Regulatory Authority is part of the proposed Water Act and will follow upon achievement of DLI 3.1. • DLI 3.2: The preparation of the Water Security Plan (WSP) commenced in Sep 2023 and is targeted to be completed by March 2024. • DLI 3.4: The budget for the preparation of the Cascade Decision Support System (DSS) will be approved within December 2023. This subactivity is targeted to be completed within 2024. 	N/A	N/A
DLI 4. Enhance efficiency and transparency of public procurement in GCC and Chennai Metropolitan Water Supply and Sewerage Board	Status <ul style="list-style-type: none"> • Actions that were to be completed during Year 1 are delayed. - GCC and CMWSSB need to complete the roll-out of the eProcurement Road Map and the associated 	Considerations for environmental, health, and safety are being incorporated into the standard bidding documents.	N/A

(CMWSSB).	<p>training for their staff - Standard bidding documents for Works, Goods, and Consultancy are still being finalized.</p> <p>Next steps</p> <ul style="list-style-type: none"> • Address internal delays in decision-making and prioritization and implement catch-up plan for trainings and bid docs completion. 		
DLI 5. GCC's health system strengthened through improved access to services and quality of care:	<p>Status:</p> <ul style="list-style-type: none"> • DLR 5.1: completed the development and adoption of the Quality of Care Strategy and Operational Plan through the issuance of GO. • DLR 5.2: 20 Urban Primary Healthcare Centers (UPHCs) have been verified and are providing a Comprehensive Package of Primary Health Care (CPHC). • DLR 5.3: GCC exceeded the 20% target of health facilities contributing to disease surveillance • DLR 5.4: Three UPHCs have received National Quality Assurance Standards (NQAS) certification, and two additional facilities are under process. On track to achieve Year 2 targets. 	N/A	N/A
DLI 6. Performance-based contracts for bus service delivery to enhance quantity and quality of bus services.	<p>Status:</p> <ul style="list-style-type: none"> • DLI 6.2: GoTN endorsed MTC's business plan and signed a five-year Public Transport Service Contract (PTSC) with MTC last October 2023 • DLI 6.2 ii, 6.3: MTC is procuring a service 	MTC is updating the draft Environmental and Social Management Manual. A final review will be conducted upon submission by Q1 2024.	On-going tender preparation for DLI 6.2ii and 6.3. Requests for Proposal is targeted to be issued by Feb 2024. Contract award is targeted by June 2024.

	<p>provider that will provide and operate one thousand buses. On-going tender preparations (see procurement box).</p>		
<p>DLI 7. Improved operational efficiency in water supply.</p>	<p>Status:</p> <ul style="list-style-type: none"> • DLI 7.1: Policy for customer metering adopted by CMWSSB's Board in Dec 2022 and corresponding funds disbursed in April 2023. • DLI 7.2: The contract for the required Bulk Water Meter Program was only signed in Oct 2023 and is targeted to be completed by Oct 2024, resulting in a 17-month delay • DLI 7.3: The award of the Performance-Based Contract (PBC) for water supply distribution for zones 10 and 13 is delayed due to a delay in engineering studies • DLI 7.4: The metering program for high-rise and commercial customers is ongoing. On track to be achieved. • DLI 7.5: The metering program for low-rise domestic connections in added areas is ongoing. Presently delayed against the target. • DLI 7.6: The award of the Performance-Based Contract (PBC) for a reduction in non-revenue water for zones 10 and 13 is delayed due to engineering studies • DLI 7.7: The metering program for low-rise domestic connections in core city areas is ongoing. Presently delayed against the target. <p>DLI 7 is quite complex</p>	<p>N/A</p>	<p>The service provider for the metering program (100,000 meters in Added Areas and 140,000 meters in Core City Area) is targeted to be tendered by March 2024.</p>

	and will be closely supervised to ensure timely implementation.		
DLI 8. Improved access to water supply services.	<p>Status:</p> <ul style="list-style-type: none"> • DLI 8.1: On-going finalization of the service level benchmark (SLB) baseline survey. • DLI 8.2: The service agreement between CMWSSB and Municipal Administration and Water Supply (MAWS) is expected to be approved by GoTN before the end of Dec 2023. • DLI 8.3: The target for expanding households receiving at least one-hour water supply daily is directly related to DLI 7.7 	N/A	N/A
DLI 9. Percentage increase in GCC annual own source revenues	<p>Status:</p> <ul style="list-style-type: none"> • Based on latest financial statements (FY 2022-23), GCC is expected to meet its Own Source Revenues growth targets for the entire program (60 percent growth against baseline in FY 2017-18). The verification report is currently being finalized. 	N/A	N/A
DLI 10. Improved financial sustainability of water supply system (WSS) services	<p>Status:</p> <ul style="list-style-type: none"> • Year-one target has been achieved. The IVA verification reported 55.3% cost recovery in the base year FY21 based on audited reports and 70.32% based on unaudited financial statements, which shows an increase of 15.02% in cost recovery from consumer charges. 	N/A	N/A

Financial Management:

Financial Management is overall compliant with requirements. Financial management actions agreed in the Q2 mission have been completed. Moving forward TNIDB is to submit the audit report before Dec 31, 2023, and provide recertification for FY 21-22; and b) update POM for expenditure heads before Dec 31, 2023.

6. Status of the Grievance Redress Mechanism (GRM)

This Project has GRMs in each of the Project sub-components as implemented by the implementing agencies GCC, CMWSSB, CUMTA, WRD, and MTC. Overall monitoring of GRM is done by the Tamil Nadu Infrastructure Development Board (TNIDB), a state-level agency reporting to the Finance Department and the Project's coordinating agency.

GCC: <https://erp.chennaicorporation.gov.in/pgr/>; Tel No. 94999 33644 (WhatsApp), 1913 (24 Hrs Complaints Cell)

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7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

Remarks:

Due to the ongoing delays in some DLIs, the implementing agencies are preparing updates to some DLI targets to be finalized before the next mission.

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																	Frequency	Responsibility	Comments	
			Baseline		2021		2022		2023		2024		2025		2026		End Target						
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target	Actual				
DU1: Reduction in vacancy rates of Group A & B cadre of GCC	Project	Output-based	2021	Vacancy level for Group A and B cadre at 23 percent. (30% women to be hired as per GOTN Policy).			GoTN issues a Government Order that provides for: (1.1) An updated recruitment policy for GCC Group A & B; (1.2) Revised staffing positions at GCC for Group A & B.	ongoing			(1.3) Percentage decrease in vacancies in Group A & B as per revised staffing position.	ongoing	same as previous year		same as previous year		same as previous year		2026	Vacancies in Group A & B as per revised staffing pattern lowered to < 5 percent.			
DU2: Operationalization of CUMTA with enhanced capacity and control over sector budget allocation to oversee urban mobility in metropolitan areas	Project	Output-based	2021	No staff, no budget			(2.1) Hiring or deputation of 10 CUMTA staff has been completed as provided for in the CUMTA Operational Manual	achieved			(2.2) CMP adopted by CUMTA, and (2.3) Stage 2 staffing in place (20 staff) as provided for in the CUMTA Operational Manual	ongoing	same as previous year				(2.4) Stage 3 staffing in place (40 staff) as provided in the CUMTA Operational Manual, and (2.5) CUMTA approves overall sector funding allocation annually		2026	same as previous year			
DU9: Percentage increase in GCC annual OSR	Project	Output-based	2021	No revenue improvement plan, Rs 1240 crores (INR) OSR from 2017/18			Preparation and adoption of OSR improvement action plan by GCC Council	achieved			15 percent increase in OSR over baseline	achieved	30 percent increase in OSR over baseline				45 percent increase in OSR over baseline		2026	60 percent increase in OSR over baseline			
DU10: Improved financial performance for WSS services	Project	Output-based	2021	CMWSSB to provide FY 21 financial statement to confirm baseline. (User charges revenue is approx. 54% of Revenue expenditure in FY 20)			User charges revenue > 50% of Revenue expenditure	achieved			User charges revenue > 60% of Revenue expenditure	achieved	User charges revenue > 70% of Revenue expenditure				User charges revenue > 80% of Revenue expenditure		2026	User charges revenue at least 90% of Revenue expenditure			

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values																	Frequency	Responsibility	Comments
			Baseline		2021		2022		2023		2024		2025		2026		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year			
DLI4: Enhance efficiency and transparency of public procurement in GCC and CMWSSB	Project	Output-based	2021	GCC uses e-tendering and CMWSSB uses it partially. Bid evaluation, award and contract management is done offline.			GCC and CMWSSB each (4.1) prepare and adopt e-procurement roadmap and (4.2) standard bidding documents and (4.3) complete training of all procurement staff	ongoing	(4.4) Percent increase of tenders (by value) that are evaluated online, (4.5) Percent increase of tenders (by value) that are managed via modules of e-procurement system.	ongoing	same as previous year		same as previous year					2026	(4.6) At least 75% of the contracts by value awarded are disclosed within service standards published in Citizen's Charter.			
DLI3: Strengthen institutions for coordinated water management and security	Project	Output-based	2021	No Water Act and no Water Regulatory Authority			(3.1) The draft Water Act, including establishment of a water regulatory authority and groundwater regulation, submitted to the GoTN Cabinet	ongoing	(3.2) Water Regulatory Authority established and operationalized, (3.3) Water Security Plan is completed and adopted through a Government Order.	ongoing	same as previous year			(3.4) Cascade decision support system including optimization and enhanced monitoring system is established and operational through a Government Order				2026	same as previous year			
DLI5: Strengthening GCC's health system through improved access to and quality of care	Project	Output-based	2021	No Quality of Care Strategy and Operational Plan; zero UPHCs providing at least 7 out of 12 CPHC service packages; 10% public and select private sector facilities contributing to disease surveillance; zero UPHCs/UHCs with NQAS full certification			(5.1) Development and adoption of Quality of Care Strategy and Operational Plan by GCC through issuance of a GO	achieved	(5.2) Increase in number of UPHCs providing at least 7 out of 12 CPHC service packages.	achieved	(5.3) Increase in the percentage of public and selected private health facilities contributing to disease surveillance by submitting P-forms reports to GCC for at least 42 out of 52 weeks in a given FY.			(5.4) Increase in number of UPHCs/UHCs with NQAS full certification.				2026	same as previous year			
DLI6: Performance-based contracts for bus service	Project	Output-based	2021	No performance-based contracts for bus service			N/A	achieved	(6.1) Contract signed between DOT and MTC (for at least five-year and 10	achieved	same as previous year			(6.3) Bus services contracted (equivalent to 500 additional				2026	same as previous year.			

delivery				delivery				percent of MTC fleet) and viability gap funding mechanism established; (6.2) Bus services contracted (equivalent to service capacity of 500 buses and inclusive of viability gap funding)				buses to Y2 and inclusive of viability gap funding for 1000 buses)								
DLI7: Improved operational efficiency in WSS	Project	Output-based	2021	No metering policy			(7.1) Policy for customer metering adopted by CMWSSB (7.2) Bulk water metering completed	achieved	(7.3) Metering of 90% high-rise and commercial connections completed, (7.4) CMWSSB awards performance-based contract for water supply distribution in zones 10 and 13	ongoing	(7.5) Increase in metering of low-rise (Ground+2 and below) domestic connections (7.6) reduction in NRW or unaccounted for water	same as previous year.				2026	same as previous year.			
DLI8: Improved access to water supply services Type of	Project	Output-based	2021	Baseline to be established			(8.1) Establish service level benchmark (SLB) baseline through survey including baseline household connections and hours of supply, (8.2) Service performance agreement between CMWSSB and GoTN's Department of Municipal Administration and Water Supply (MAWS).	ongoing	(8.3) At least 5% additional HHS are connected and receiving assured 1 hour of water supply daily (Year 2-5) in the added areas, while maintaining the 1 hour of assured daily supply for HHS from the previous year.	ongoing	same as previous year	same as previous year				2026	same as previous year			