

India : Chennai Peripheral Road Project (CPRP)

1. Project Information

Project ID:	P000336	Instrument ID:	L0336A
Member:	India	Region:	Southern Asia
Sector:	Transport	Sub-sector:	Roads
Instrument type:	<input checked="" type="checkbox"/> Loan:378.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	
ES category:	A	Borrowing Entity:	Ministry of Finance, India
Implementing Entity:	The State of Tamil Nadu		
Project Team Leader:	Farhad Ahmed		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Liu Yang, Project Counsel; Aditi Khosla, Alternate Counsel; Chitambala Sikazwe, OSD - Procurement Specialist; Yogesh Malla, OSD - Financial Management Specialist; Jyosyula Siva Rama Krishna Sastry, OSD - Environment & Social Development Specialist; Md Towshikur Rahman, Team Member; David Hartcher, CTL; Chang Tian, Project admin		
Completed Site Visits by AIIB:	Sep, 2023 September 21, 2023		
Planned Site Visits by AIIB:	Mar, 2024 March 2024 (During Implementation Review)		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:			
Previous Red Flags Assigned Date:	N/A		

2. Project Summary and Objectives

The objective of this project is to improve connectivity and road safety in the Chennai Metropolitan Area. The project will finance (i) construction of a 56.2km six-lane dual carriageway with two-lane service roads on each side; and (ii) consulting services (a. Project Management Consultant (PMC), b. Construction Supervision Consultants (CSCs), and c. Land Acquisition, Rehabilitation & Resettlement Action Plan Monitoring Consultant (LARRMC)).

Component 1. Bridge and Approach Roads Construction works

This component will finance the construction of 56.2km (covering both section II and section III) six-lane dual carriageway with two-lane service roads on each side. The entire Section II is on a new greenfield alignment. Section II comprises two tender packages: EPC-01 (13.3km) and EPC-02 (12.8km). Section III is divided into three EPC packages: EPC-03 (10.4km), EPC-04 (10.0km), and EPC-05 (9.7km). Each contract includes a seven-year post-construction maintenance period.

Component 2. Consulting services

This component will cover the financing of following 3 consultancy services:

- a. Project Management Consultant (PMC) – This consultancy comprises tasks linked to overall project management, technical overview, and overall monitoring (technical, progress, and financial), tracking, and reporting.
- b. Construction Supervision Consultants (CSCs) – Each section (sections II and III) will have a separate CSC. The CSC's role will be to review contractor's submissions (as the project is using an EPC procurement method that requires contractors to provide the designs), monitor construction progress, quality assurance, and review progress reports during implementation and a one-year post-construction period.
- c. Land Acquisition, Rehabilitation & Resettlement Action Plan Monitoring Consultant (LARRMC) – This consultancy will support the Project Management Unit (PMU) and the Project Implementation Unit (PIU) in monitoring and evaluation of all stages of land acquisition, rehabilitation & resettlement action plan Implementation process.

The project will benefit general population of Chennai using private and public vehicles, as well as businesses and commercial cargo traffic. The benefits will arise from a safer, more efficient, and reliable road network. Indirect benefits will include improved access to economic, social, and life-enriching facilities and services. Furthermore, the communities along the corridor are expected to benefit from access to jobs created during the construction and operation phases of the road. It is expected that the project will promote industrial and economic growth along the road corridor.

3. Key Dates

Approval:	Jan. 18, 2023	Signing:	Apr. 13, 2023
Effective:	Aug. 18, 2023	Restructured (if any):	
Orig. Closing:	Apr. 30, 2029	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:	187.70	Cancellation (if any):	0.00
Disbursed:	0.95	Latest disbursement (amount/date):	0.95/Aug. 18, 2023
Undisbursed:	377.06	Disbursement Ratio (%) ¹ :	0.25

5. Project Implementation Update

The project became effective in end-August 2023 and with roughly 4% time elapsed, does not have any issues to flag. Nonetheless, the project made substantial progress in several areas by this time, notably in procurement activities. Summary achievements include (as of end-October 2023): (a) two (out of five) civil works contract packages procured and the procurement process of remaining packages have started; (b) implementation of procured contracts already commenced (overall progress – roughly 12 percent); (c) three (out of four) AIIB financed consultancies are already on-board, ; (d) land acquisition activities have gained pace lately (90 percent required land areas already available); and (e) grievance redressal mechanism (GRM) established and made operational.

An estimated USD22 million and USD6 million expenditures, under both retroactive financing and post-loan agreement signing expenditures, respectively, are ready for reimbursement from AIIB and OPEC Fund. They are expected to be disbursed by Q4, 2023.

Nonetheless, the recent implementation review (end-September, 2023) has identified several issues: (i) an

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.

inadequacy of implementation entity staff and frequent turnover of key project officials including the Project Director; (ii) the EPC-05 land acquisition progress (private land) is slow (currently only 15 percent), which needs expediting; (iii) encumbrance-free land parcels need to be handed over to contractors; (iv) EPC-01 implementation progress is slow, with three missed milestones; (v) relocation/resettlement activities are yet to gain momentum; (vi) interim financial and audit reports need to be prepared in due time; (vii) coordination among various consultant firms/teams is needed; and (viii) grievance redressal committee (GRC) activities need enhancement and to be documented. These are included in the action plan developed during the implementation review.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1. Roads Construction works	<p>* Overall Physical Progress is 11.5% (based on progress of two procured packages)</p> <p>* EPC-01: The progress is poor (physical progress-20%; financial progress-12.7%). The contractor has missed first 3 milestones. However, the progress is gradually gaining momentum.</p> <p>* EPC-02: The contractor has made substantial progress (Physical – 35.4% and Financial – 33.7%) and achieved first two milestones within time. The worksites still have a few obstructions (e.g., electric poles, houses) and a quick removal of those is necessary.</p> <p>* The EPC-02 contractor has been applying some good and innovative practices. These include progress monitoring using disruptive technologies (drones and on-site cameras), wastewater recycling, speedy execution of retaining walls using sliding formwork, use of metallic plates to support deck slab etc.</p>	<ul style="list-style-type: none"> The project already acquired roughly 272ha of private land (requirement - 315ha, i.e., approximately 86%). All required government land has already been made available (roughly 106 ha). The project has acquired almost all (99 percent) required private land for EPC-01, -02 and -03 packages. It is planned to complete the land acquisition process for EPC-04 (76 percent acquired) and -05 (15 percent acquired) by January 2024. Roughly three-fourths (73 percent) of project affected people (PAPs) have received their compensations. The progress of resettlement and rehabilitation (R&R) activities needs expediting. The project has disclosed all E&S documentation. A dedicated web page for CPRR section II and III will be developed and these reports will be uploaded on the website. 	<ul style="list-style-type: none"> EPC-01 was appointed in January 2022 for 13.30 km stretches of section II, scheduled completion date is January 1, 2025. EPC-02 was appointed in August 2022 for 12.80 km stretches of section II, scheduled completion date: August 1, 2025. Tender for EPC-03 was invited on September 19, 2023, for EPC-04 on September 26, 2023, and for EPC-05 on October 30, 2023.
Component 2.	NA	NA	- Three out of four AIIB

Consulting services			<p>financed consultancy services have already been signed: (i) Project Management Consultants – PMC (mobilized in February 2021); (ii) Section II Construction Supervision Consultant – CSC-01 (mobilized in February 2022), and (iii) Land Acquisition, Rehabilitation & Resettlement Action Plan Monitoring Consultant – LARRMC (mobilized in September 2021).</p> <p>- The procurement of CSC-02 (for section III) is also in an advanced stage. The notification of award was issued in early September 2023. However, the project plans to match the mobilization of CSC-02 personnel with commencement of Section III physical works activities.</p>
---------------------	--	--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Financial Management:

The September 2023 implementation review mission (September 2023) identified a few FM issues. They are: (i) non-submission of FY2023/24 first quarter interim unaudited financial report (IUFRR); (ii) non-initiation of FY2022/23 internal audit; (iii) non-finalization of the FM Manual; (iv) inconsistencies in deducting withholding amounts in contractors’ invoice payments; and (v) some contract management weaknesses. Corrective measures were suggested in the action plan of the mission aide-memoire.

Available information suggests that total expenditures incurred by the project is approximately USD42m (until end-August 2023). The share of AIIB and OPEC Fund is USD22.07m and USD5.64m respectively. The project is currently preparing withdrawal applications (WA) for the AIIB and OPEC Fund.

6. Status of the Grievance Redress Mechanism (GRM)

A two-tier GRM has already been established to reduce related project risks. The first tier is at the regional level, while the second tier is at the state level. As of end September 2023, a total of 37 grievances have been received and all of them are resolved. However, the GRM process is now being revamped to record all grievances using different channels. This was a suggestion from the project team in the last implementation review (end-September, 2023).

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

Remarks: