

Project Implementation Monitoring Report (#14)

Reporting Period From 2023/11 To 2024/01

India : Andhra Pradesh Urban Water Supply and Septage Management Improvement

1. Project Information

Project ID:	P000079	Instrument ID:	L0079A
Member:	India	Region:	Southern Asia
Sector:	Water	Sub-sector:	Water supply, sanitation, and wastewater treatment
Instrument type:	<input checked="" type="checkbox"/> Loan:400.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	
ES category:	A	Borrowing Entity:	Ministry of Finance, India
Implementing Entity:	Public Health & Municipal Engineering Department (PHMED), Ministry of Urban Development		
Project Team Leader:	Ronald Muana		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Asma Bachikh, Team Member; Liu Yang, Project Counsel; Aditi Khosla, Alternate Counsel; Yogesh Malla, OSD - Financial Management Specialist; Jurminla Jurminla, OSD - Procurement Specialist; Jyosyula Siva Rama Krishna Sastry, OSD - Environment & Social Development Specialist; Jinghui Li, Project admin		
Current Red Flags Assigned:	2		
Current Monitoring Regime:	Enhanced Monitoring- Level I		
Previous Red Flags Assigned:	2		
Previous Red Flags Assigned Date:	2023/10		

2. Project Summary and Objectives

To provide safe drinking water through piped water supply to 3.3 million people in Andhra Pradesh, and to improve service levels and strengthen sustainable service delivery. The project has three components: (i) Investment in Water Supply Infrastructure. This will include the construction of intakes at the raw water source, raw water transmission mains, water treatment plants, clear water transmission mains, treated water storage, distribution networks, and household service connections; (ii) The construction of pilot sewage treatment plants and (iii) capacity building to strengthen overall project management and supervision and the institutional capacity in the ULBs in municipal services delivery and management, including financial, environmental, and social monitoring.

3. Key Dates

Approval:	Dec. 07, 2018	Signing:	Feb. 25, 2019
Effective:	May. 21, 2019	Restructured (if any):	
Orig. Closing:	Jun. 30, 2024	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Project Implementation Monitoring Report (#14)

Reporting Period From 2023/11 To 2024/01

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	44.69	Latest disbursement (amount/date):	25.00/May. 12, 2022
Undisbursed:	355.31	Disbursement Ratio (%) ¹ :	11.17

5. Project Implementation Update

As updated in the last PIMR, the project has no counterpart funds and has not been disbursing. A Tripartite Program Review Meeting was recently conducted among the representatives of AIIB, the Department of Economic Affairs (DEA) of the Government of India (GoI), and the State Government of Andhra Pradesh (GoAP) on Feb 7, 2024. During the meeting, the DEA and GoAP decided the loan would not be extended. GoAP will also seek partial cancellation of a portion of the loan. GoAP expressed that they may continue sub-projects after the loan closing date. The Project Team is waiting for the relevant information/documents from DEA regarding the close-out of the loan.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Investment in Water Supply Infrastructure for 50 ULBs (Total costs: USD534 million)	Total Physical Progress from all twenty civil works contracts is only 0.18% in the past quarter. While all 20 contracts had been awarded progress has halted when payment of bills stopped after Oct 2022 due to a lack of counterpart funds. Construction: Works for 3 contracts have not been grounded; works for 12 contracts have been suspended and the contractor has demobilized from site; and works for 5 contracts while not	PIA E&S Supervisors periodically monitor sites	Procurement completed.

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.

Project Implementation Monitoring Report (#14)

Reporting Period From 2023/11 To 2024/01

	suspended has not been progressing. All delays discussed above are a direct result of the non-payment of the contractor's progress billing.		
Component 2: Investment in Sanitation and Drainage in five pilot ULBs (Total costs: USD14 million)	None. Work has not been mobilized due to the funds flow issue and non-payment of the contractors.	N/A	Procurement completed.
Component 3: Technical Assistance, Institutional Development & Municipal Capacity Enhancement and Implementation Support (Total costs: USD21 million)	The component supports consultancy services for the project. Individual consultants are on board. Project Management Consultancy is ongoing but staffing is impacted by payment delay issues.	N/A	Procurement completed.

Financial Management:

Financial Management:

Despite a lack of physical progress due to the funds flow issue, the PIA is submitting periodic reports on time. Overall, the project's financial management was found adequate and in compliance with procedures. The PIA has submitted the audited project financial statement for FY2022-23 in Jan 2024.

The AIIB Finance Team will coordinate with the PIA for the prospective close-out of the loan.

6. Status of the Grievance Redress Mechanism (GRM)

Two-tiered GRM has been established at the urban local bodies (ULBs). The AIIB team is monitoring the GRC operationalization.

Individuals/parties within India can register grievances through the ULB portal (jkc.ap.gov.in) and by phone call (1902), among other means. GRM contact information is displayed on on-site project sign boards, ULB notice boards, and published social management plans.

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

Due to implementation delays, no progress has been made on any of the indicators to be measured.

Remarks:

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values															Frequency	Responsibility	Comments		
			Baseline		2018		2019		2020		2021		2022		2023		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year				Target	Actual
Households with connection and meter	Project	# of households (in thousands)	2018	0	0	0	100	0	300	0	500	0	700	0	850	0				Quarterly	PMU, ULBs	All 2023 figures are as of Q3 2023
Hours of water supplied per day	Project	Hours per day	2018	4	4	0	8	0	12	0	16	0	20	0	24	0				Quarterly	PMU, ULBs	
Quantity of water supplied per day	Project	Liters per capita per day (lpcd)	2018	50	50	0	60	0	80	0	100	0	120	0	135	0				Quarterly	PMU, ULBs	
Quality of water supply according to CPHEEO standard.	Project	% of ULBs	2018	0%	0%	0	0%	0	0%	0	25%	0	50%	0	100%	0				Quarterly	PMU, ULBs	
No of Pilot ULBs with drainage systems completed.	Project	Number	2018	0	0	0	0	0	0	0	4	0	5	0	5	0				Quarterly	PMU, ULBs	
Share of HHs in Pilot ULBs covered by rehabilitated drainage system and WWTP	Project	%	2018	0%	0%	0	0%	0	0%	0	80%	0	100%	0	100%	0				Quarterly	PMU, ULBs	
Amount of treated wastewater divided by water supply/use	Project	%	2018	0	0	0	0%	0	0%	0	50%	0	70%	0	80%	0				Quarterly	PMU, ULBs	
Outflow concentration (TP) according to CPHEEO standard.	Project	%	2018	0	0	0	0%	0	0%	0	80%	0	100%	0	100%	0				Quarterly	PMU, ULBs	
Number of ULBs with computerized billing and cost accounting systems in operation	Project	Number	2018	0	0	0	0	0	10	0	50	0	50	0	50	0				Quarterly	PMU, ULBs	
Increase in revenues for the ULBs and cost recovery to sustain the O&M costs	Project	% out of 50 ULBs	2018	0%	0%	0	10%	0	20%	0	30%	0	50%	0	80%	0				Quarterly	PMU, ULBs	
Implementation of a water supply and sanitation complaints system	Project	% out of 50 ULBs	2018	0%	0%	0	10%	0	20%	0	30%	0	50%	0	80%	0				Quarterly	PMU, ULBs	

including feedback																										
--------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Project Intermediate Indicators	Indicator level	Unit Measure of	Cumulative Target Values															Frequency	Responsibility	Comments							
			Baseline		2017		2018		2019		2020		2021		End Target												
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target	Actual										