

SBF Project Implementation Monitoring Report

India: Andhra Pradesh Urban Water Supply & Septage Management Improvement Project

1. Project Information

Project ID:	000079	Investment Number:	L000079
Member:	India	Region:	Southern asia
Sector:	Water	Sub-sector:	Sanitation, Water Supply
AIIB Financing Type:	Loan: 400 USD million	Co-financier(s):	Stand-alone
E&S category:	A	Borrower:	Republic of India
Red Flags Assigned:	1	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Public Health & Municipal Engineering Department, Government of Andhra Pradesh		
Project Team Leader:	Hubert Jenny		
Project Team Members:	Gerardo Pio Parco, Senior Environmental Specialist; Georgi Georgiev Dzhartov, Social Development Specialist; Jurminla, Senior Procurement Specialist; Yogesh Malla, Financial Management Specialist; Liu Yang, Counsel – Investment Operations; Mohan Dharmapuram, Senior Technical Consultant; Jan Agerholm Høybye, Senior Technical Consultant;		
Completed Site Visits by AIIB:	Aug, 2019 The mission team comprised of Zacharias Ziegelhöfer, Bank Team Leader and Infrastructure Sector Economist, Jurminla, Procurement Specialist, and Maruthi Mohan Dharmapuram, Water Supply & Sanitation Engineering Consultant. Nov, 2019 The mission team comprised of Zacharias Ziegelhöfer, Bank Team Leader and Infrastructure Sector Economist, Jurminla, Procurement Specialist, Somnath Basu, Principal Social Development Specialist and Jan Hoybye, Senior Water Supply & Sanitation Engineering Consultant.		
Planned Site Visits by AIIB:	Jan, 2022 Until travel restrictions lifted		

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 construction of intakes at 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. 7, 2018	Signing:	Feb. 25, 2019
Effective:	May. 21, 2019	Restructured (if any):	
Orig. Closing:	Jun. 30, 2024	Rev. Closing (if any):	

4. Disbursement Summary (million)

Currency:	USD		
a) Committed:	400	b) Cancellation (if any):	
c) Disbursed:	7.03	d) Most recent disbursement: (amount / date)	6.03, Jan. 21, 2021
e) Undisbursed:	392.97	f) Disbursement Ratio(%) ¹ :	1.8

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

5. Project Implementation Update

Overall there have been substantial delays in project implementation as most of the awarded contracts have not started construction yet. Under Component 1, 15 out of the 18 packages have been awarded but only three have made physical progress. The procurement of the remaining three packages are still in progress and is expected to be completed in Q2/Q3 of 2021. The two civil works packages under Component 2 are also being procured. However, the PMU suggested to cancel the current tender process and recast the estimate with latest SoR for 2020-21 according to domestic auditing requirement. The task team has provided feedback discouraging such a cancellation which will lead to further delays in implementation. Activities under Component 3 have been carried out, including development of e-governance plan and capacity building plan. A gender action plan and a behaviour change campaign with a focus on solid waste management to prevent water source pollution has been proposed.

Delays in project implementation could be attributed to multiple reasons: disruptions caused by state-level election, COVID-19 pandemic lock-down, lack of counterpart funding to pay mobilization advance and unable to finalizing and clearing E&S documents timely. Due to recent resurgent of COVID-19 in India, further delays may be expected.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Investment in Water Supply Infrastructure for 50 ULBs (Total costs: USD534 million)	Only three out of 15 awarded civil works contracts have made physical progress: Ananthapuramu – IoCT (2%), Nellore – IoCT (15%), and Nellore – NCT (11%)	In compliance: Contractors' ESMP for Phase I are being finalized. PMC is preparing the EIA and SIAs for Phase II.	Civil works: Tenders floated for 3 source packages (IoCT) of Guntur, Rajamahendravaram & Visakhapatnam circles and Technical Evaluation reports are expected to be cleared by AIIB by mid-April. No object for extension of two awarded IoCT contracts subject to prior review was granted by AIIB in April 2021. For E&SMP: consulting agencies for SMPs preparation for Phase I & II have been selected.
Component 2: Investment in Sanitation and Drainage in five pilot ULBs (Total costs: USD14 million)	None	In compliance. Baseline studies preparation for 5 pilot ULBs where STPs are proposed to be constructed are finalized.	Civil works: tenders floated for 2 packages & Evaluation completed. Decision is pending by IA whether to award works to the contracting agencies or to go for re-tendering. The consulting agency for preparation of EMPs of 5 Pilot ULBs has been selected.
Component 3: Technical Assistance, Institutional Development & Municipal Capacity Enhancement and Implementation Support (Total costs: USD21 million)	Technical Assistance is a regular & continuous activity in progress. For Institutional Development, Capacity Building Plan (CPP) is prepared & will be implemented in the FY 2021-22.	ESMPF, RPF and TPPF are approved by the AIIB and disclosed. Site-specific instruments are prepared as necessary.	Consulting agencies for preparation of ESMPF, e-governance and Capacity Building Plan have been selected.

Financial Management:

Overall the project financial management system was operated effectively and all financial reporting requirements were in compliance. The IUFRR for quarter ending March 31, 2021 is due on May 15, 2021. The audited project financial statement for FY19/20 was submitted with about 2 months delay. The external auditor has issued an unqualified audit opinion. One issue noted by the external auditor is that the project has not received any funds for component 1 & 2 and no expenditures were made in those components. Only, some expenditures were incurred against component 3 by using their own funds. Due to typo error, the project has been requested to re-submit the auditor's report and its outstanding. As agreed in the FM Manual, the project is required to get the internal audit of the project carried out on quarterly basis and submit to AIIB.

6. Status of the Grievance Redress Mechanism (GRM)

The Bank has been informed that two-tiered GRM has been established in 39 out of the 50 ULBs. No grievances have been reported.

7. Results Monitoring

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

Baseline Year: Jun. 30, 2018 End Target Year: Dec. 31, 2023

Project Objective Indicators #1

1.1: Households with connection and meter.

Year	Target	Actual	Others, if any
Dec. 31, 2019	100	0	
Dec. 31, 2020	300	0	
Dec. 31, 2021	500	N/A	
Dec. 31, 2022	700	N/A	
Dec. 31, 2023	850	N/A	

Project Objective Indicators #2

1.2: Hours of water supplied per day.

Year	Target	Actual	Others, if any
Dec. 31, 2019	8	4	
Dec. 31, 2020	12	4	
Dec. 31, 2021	16	N/A	
Dec. 31, 2022	20	N/A	
Dec. 31, 2023	24	N/A	

Project Objective Indicators #3

1.3: Quantity of water supplied per day.

Year	Target	Actual	Others, if any
Dec. 31, 2019	60	50	
Dec. 31, 2020	80	50	
Dec. 31, 2021	100	N/A	
Dec. 31, 2022	120	N/A	
Dec. 31, 2023	135	N/A	

Project Objective Indicators #4

1.4: Quality of water supply according to CPHEEO standard.

Year	Target	Actual	Others, if any
Dec. 31, 2019	0%	0%	
Dec. 31, 2020	0%	0%	
Dec. 31, 2021	25%	N/A	
Dec. 31, 2022	50%	N/A	
Dec. 31, 2023	100%	N/A	

Project Objective Indicators #5

2.1: No of Pilot ULBs with drainage systems completed.

Year	Target	Actual	Others, if any
Dec. 31, 2019	0	0	
Dec. 31, 2020	0	0	
Dec. 31, 2021	4	N/A	
Dec. 31, 2022	5	N/A	

Dec. 31, 2023	5	N/A	
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Project Objective Indicators #6

2.2: Share of HHs in Pilot ULBs covered by rehabilitated drainage system and WWTP.

Year	Target	Actual	Others, if any
Dec. 31, 2019	0%	0%	
Dec. 31, 2020	0%	0%	
Dec. 31, 2021	80%	N/A	
Dec. 31, 2022	100%	N/A	
Dec. 31, 2023	100%	N/A	

Project Objective Indicators #7

2.3: Amount of treated waste water divided by water supply/use.

Year	Target	Actual	Others, if any
Dec. 31, 2019	0%	0%	
Dec. 31, 2020	0%	0%	
Dec. 31, 2021	50%	N/A	
Dec. 31, 2022	70%	N/A	
Dec. 31, 2023	80%	N/A	

Project Objective Indicators #8

2.4: Outflow concentration (TP) according to CPHEEO standard.

Year	Target	Actual	Others, if any
Dec. 31, 2019	0%	0%	
Dec. 31, 2020	0%	0%	
Dec. 31, 2021	80%	N/A	
Dec. 31, 2022	100%	N/A	
Dec. 31, 2023	100%	N/A	

Project Objective Indicators #9

3.1: Number of ULBs with computerized billing and cost accounting systems in operation.

Year	Target	Actual	Others, if any
Dec. 31, 2019	0	0	
Dec. 31, 2020	10	0	
Dec. 31, 2021	50	N/A	
Dec. 31, 2022	50	N/A	
Dec. 31, 2023	50	N/A	

Project Objective Indicators #10

3.2: Increase in revenues for the ULBs and cost recovery to sustain the O&M costs.

Year	Target	Actual	Others, if any
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Dec. 31, 2019	10%	0%	
Dec. 31, 2020	20%	0%	
Dec. 31, 2021	30%	N/A	
Dec. 31, 2022	50%	N/A	
Dec. 31, 2023	80%	N/A	

Project Objective Indicators #11

3.3: Implementation of a water supply and sanitation complaints system including feed-back.

Year	Target	Actual	Others, if any
Dec. 31, 2019	10%	0%	
Dec. 31, 2020	20%	0%	
Dec. 31, 2021	30%	N/A	
Dec. 31, 2022	50%	N/A	
Dec. 31, 2023	80%	N/A	

Intermediate Result Indicators #1

No Intermediate Result Indicators as per Annex 1 of the PD.

Year	Target	Actual	Others, if any
Dec. 31, 2023	N/A	N/A	

Remarks: Awarded contracts were not implemented following the original work plans and therefore little physical progress has been made. Reasons are elaborated in the Key Issues section below.