

## India : Punjab Municipal Services Improvement Project

### 1. Project Information

Project ID:	P000448	Instrument ID:	L0448A
Member:	India	Region:	Southern Asia
Sector:	Urban	Sub-sector:	Urban public services
Instrument type:	<input checked="" type="checkbox"/> Loan:105.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier(s):	World Bank
ES category:	A	Borrowing Entity:	Ministry of Finance, India
Implementing Entity:	Punjab Municipal Infrastructure Development Company		
Project Team Leader:	Ankur Agrawal		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Rizal Rivai, OSD - Procurement Specialist; Shodi Nazarov, OSD - Financial Management Specialist; Rahul Srivastava, OSD - Environment & Social Development Specialist; Ankur Agrawal, Back-up PTL; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Sep, 2022 AIIB team joined the mission led by the World Bank which included field visits to the two cities - Amritsar and Ludhiana May, 2023 AIIB joined the implementation support mission led by the World Bank which included field visits to the two cities - Amritsar and Ludhiana		
Planned Site Visits by AIIB:	Nov, 2023 Site visit to the project cities is planned in November 2023 to monitor the implementation progress.		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2022/12		

### 2. Project Summary and Objectives

**Project Objective:** To support strengthening of urban governance, finances, and delivery of sustainable water services in Amritsar and Ludhiana.

**Project Summary:** The project will establish the foundations for more effective and responsive urban services in Amritsar and Ludhiana by strengthening local service delivery systems and creating performance incentives for the two Municipal Corporations (MCs). The project will: (i) invest in bulk water infrastructure; (ii) establish new institutional models for Water Supply and Sanitation (WSS) service delivery; (iii) introduce private sector participation in WSS; and (iv) strengthen financial sustainability and customer orientation in WSS delivery.

The project has four components: Component 1 will strengthen urban service delivery systems by supporting

Amritsar's and Ludhiana's transition into more financially sustainable and administratively efficient MCs and establishing and operationalizing WSS utilities in the two cities; Component 2 will finance water supply infrastructure - raw water intake structures, water treatment plants (WTP, 440 Million Liters per Day (MLD) in Amritsar and 580 MLD in Ludhiana), clear water pumping systems, transmission lines and overhead storage reservoirs (OHSRs) in both cities; Component 3 will finance short- to medium-term non-medical interventions to address the COVID-19 crisis; and Component 4 will support various project management activities.

The project will be implemented from April 2021 to March 2026.

The total project cost is USD 300 million which shall be financed by the World Bank and AIIB in the amount of USD 105 million each while the balance USD 90 million shall be provided by the Government of Punjab.

### 3. Key Dates

Approval:	Apr. 27, 2021	Signing:	Oct. 12, 2021
Effective:	Dec. 15, 2021	Restructured (if any):	
Orig. Closing:	Sep. 30, 2026	Rev. Closing (if any):	

### 4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	3.40	Most recent disbursement (amount/date):	3.02/Feb. 06, 2023
Undisbursed:	101.60	Disbursement Ratio (%) <sup>1</sup> :	3.23

### 5. Project Implementation Update

The Design-Build-Operate (DBO) contract for bulk water supply infrastructure in Amritsar was signed in April, 2021 and the contractor has been undertaking construction of WTP, OHSRs and the transmission lines. Overall, the construction is behind schedule; physical progress is about 27%. The technical evaluation for the tender for the Ludhiana DBO contract has been submitted and the World Bank has provided no objection. Contract award is expected in Q3CY2023. The water utility for each of the two cities has been established and is currently preparing a transition plan.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Strengthening urban service delivery systems	The water utility for each of the two cities has now been established.  Other activities such as	AMC and LMC are in the process of conducting a communication needs assessment and hiring a communications specialist and an Outreach agency to mobilize household level support for	The selection of consultants is underway for strengthening of Public Financial Management of the ULBs and providing support for Capital

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

	<p>establishment of GIS/IT cell in the PMU, strengthening of Public Financial Management of the ULBs and providing support for Capital Investment Planning and an Asset Registry &amp; Asset Management Plan in the project cities are in process. ToRs for hiring experts to support these activities are being prepared.</p>	<p>construction of OHSRs in public places. These are expected to be mobilized by Q4CY23. Strategic and structured communication aimed at stakeholder groups including citizens (especially women and neighborhood groups) will be vital for establishing support for ongoing project activities.</p>	<p>Investment Planning and an Asset Registry &amp; Asset Management Plan in the project cities. This is expected to be completed by Q4CY23.</p>
<p>Component 2: Improving water supply infrastructure</p>	<p>The DBO contractor has been undertaking works for construction WTP, OHSRs and the transmission lines. Overall, the construction is behind schedule and the overall physical progress is about 27%. Excavation work for raw water reservoir is 30% complete, 52% MS pipes have been supplied and 42% of the DI pipes have been laid. Works for rehabilitation of 8 OHSRs are currently underway.</p>	<p>Consultants for Environment and Social Impact Assessment (ESIA) and Resettlement Action Plan (RAP) to support the PMU are already onboard. Dedicated E&amp;S staff at AMC and LMC for onsite monitoring are expected by Q3CY23 and Q1CY24 respectively.</p> <p>Detailed implementation updates to the Environmental and Social Commitment Plan (ESCP) and to the Resettlement Action Plan (RAP) for both Amritsar and Ludhiana are expected by Q3CY23.</p>	<p>1. Amritsar: - The DBO contract for bulk water supply infrastructure in Amritsar was signed in April, 2021. - The procurement for canal works is underway and expected to be completed by end of June 2023</p> <p>2. Ludhiana: - The contract award for the DBO contract for WTP and associated transmission network and OHSRs is expected in Q3CY23, technical evaluation has been submitted and the World Bank has provided no objection to proceed. - The procurement documents for the canal works are being finalized.</p>
<p>Component 3: COVID-19 crisis response</p>	<p>Project funds under this component can potentially support rehabilitation of existing emergency response structures or other appropriate structures designated for emergency response with improved facilities such as office space, testing centers, storage facilities etc. as needed by the respective MCs. The PMU has submitted initial proposals which</p>	<p>NA</p>	<p>Procurement under this component is expected in Q4CY23. Procurement of a maximum amount of USD 100,000 per activity may be done through the GeM (the Government of India e-marketplace).</p>

	are being evaluated.		
Component 4: Project management	The PMU at PMIDC and the PIUs at AMC and LMC have been set up with initial staffing in place.	ESIA and RAP consultants to support the PMU have been hired in October 2022. Preparation of ESIA is in process.	<ul style="list-style-type: none"> <li>- Full time procurement experts for the two PIUs are urgently to be hired.</li> <li>- 3 staff from PMU and the two PIUs have received a 2-week training on World Bank Procurement Framework</li> <li>- The contract award was made for the following contract: the Environmental and Social Consultancy Firm for preparation of Environment and Social Impact Assessment (ESIA), Environment and Social Management Plan (ESMP) and Resettlement Action Plan (RAP) for Amritsar and Ludhiana.</li> </ul>

**Financial Management:**

PMIDC, AMC and LMC have opened project-specific bank accounts, which are also registered in the state Public Financial Management System (PFMS) system. The consolidated Interim Unaudited Financial Reports (IUFs) have been submitted to the WB on time. The IUF for the period from April to November 2022 was submitted to the WB on January 19, 2023 for a total eligible expenditure of INR671.261 million (USD8.3 million) with the disbursement of INR245.150 million (USD3.06 million) from the WB and the same amount from AIIB. The WB shared the mentioned IUF with AIIB, and it is expected that the WB will share the latest IUF ended March 31, 2023 in due course. A budget allocation of INR460 crores (USD5.75 million) for FY 2023-24 (April 2023 to March 2024) has been made by GoP for the project. Staffing of FM functions at PMU and PIUs needs to be strengthened as the project implementation picks up pace. The Borrower submitted its disbursement claims as of December 31, 2022 and is preparing and approving disbursement claims for the period from January to May 2023. It is expected that the claims will be submitted to the WB and AIIB by July 31, 2023. The first consolidated audit was due by December 31, 2022, within nine months after the end of the first Borrower's fiscal year of implementation, which ended on March 31, 2022. However, since there was no actual loan disbursement in the period that ended on March 31, 2021, the audit was combined with the audit period ending March 31, 2023. Therefore, the revised audit period is from October 12, 2021 to March 31, 2023 and the first audited Project Financial Statements will be submitted by December 31, 2023. PMIDC was supposed to recruit Chartered Accountancy (CA) firms for internal and external audits by March 31, 2023. But it is still in process and it is expected to be done by Q3CY23.

**6. Status of the Grievance Redress Mechanism (GRM)**

Project Implementing Agencies (Punjab Municipal Infrastructure Development Company (PMIDC), Amritsar Municipal Corporation (AMC), and Ludhiana Municipal Corporation (LMC) have existing grievance redressal mechanism. A robust Grievance redressal system has been developed where in citizens can raise their grievances from multiple sources like web portal, Mobile Applications, toll free number or Whatsapp Chatbot. All the grievances raised land into one single system 'mseva' (<https://mseva.lgpunjab.gov.in/citizen/add-complaint>). Grievances are checked by the grievance cell and assigned to the last mile employee who is responsible for the resolution of the same.

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

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Given the delay in the start of physical construction works, results for infrastructure related indicators are behind schedule.

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**Remarks:**

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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				
People provided with access to safely managed water supply	Project	Number	2021	0	0		0		0		0		3		3		2026	3					
Improved AMC operational efficiency as measured by enhancement in e-governance	Project	Yes/No	2021	No	No		No		No		Yes		Yes		Yes		2026	Yes					
Improved LMC operational efficiency as measured by enhancement in e-governance	Project	Yes/No	2021	No	No		No		Yes		Yes		Yes		Yes		2026	Yes					
Water utility established in Amritsar	Project	Text	2021	No	No		Establishment of autonomous utility	Yes	Core staff positions in the company filled with full time staff with minimum tenure		Transfer of all material assets and contracts from the MC to the utility on sale or lease		Yes		Utility established and operational		2026	Utility established and operational					
Water utility established in Ludhiana	Project	Text	2021	No	No		Establishment of autonomous utility	Yes	Core staff positions in the company filled with full time staff with minimum tenure		Transfer of all material assets and contracts from the MC to the utility on sale or lease		Yes		Utility established and operational		2026	Utility established and operational					

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	Year	Target	Actual			

Share of professional MC staff receiving training in technical and professional development disaggregated by gender	Project	Number	2021	0	0		20	0	20		30		40		50		2026	50			
Percentage of Board Directors in Amritsar water utility who are female	Project	%	2021	0	0		0	0	0		0		0		30		2026	30			
Percentage of Board Directors in Ludhiana water utility who are female Year	Project	%	2021	0	0		0	10%	0		0		0		30		2026	30			
Number of water treatment plants built and operational Year	Project	Number	2021	0	0		0	0	0		2		2		2		2026	2			
Number of storage facilities built/rehabilitated in Amritsar	Project	Number	2021	0	0		10	0	20		40		60		90		2026	90			
Number of storage facilities built/rehabilitated in Ludhiana	Project	Number	2021				40	0	50		70		90		110		2026	110			
Reduced energy consumption of the operated water supply system in Amritsar (as a result of rehabilitation)	Project	Megawatt hour	2021				0.03	0	0.03		0.02		0.02		0.02		2026	0.02			
Reduced energy consumption of the operated water supply system in Ludhiana (as a result of rehabilitation)	Project	Megawatt hour	2021				0.08	0	0.08		0.03		0.03		0.03		2026	0.03			
Number of MC receiving support under Component 3	Project	Number	2021	0	0		5	0	12		12		12		12		2026	12			