

## 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:	Yuka Terada		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Bernardita Saez, Project Counsel; Liu Yang, Alternate Counsel; Shodi Nazarov, OSD - Financial Management Specialist; Calvin Quek, OSD - Environment Specialist; Calvin Quek, OSD - Social Development Specialist; Guoping Yu, OSD - Procurement Specialist; Ronald Muana, Team Member; 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		
Planned Site Visits by AIIB:	Aug, 2023 Joint mission with WB		
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

The Program objective is to strengthen institutions and improve 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 states and an economic powerhouse. The Chennai Metropolitan Area (CMA) dominates the State's demographic and economic landscape. 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. CMA also suffers from the following cross-cutting challenges: (i) fragmentation of responsibilities across multiple agencies and jurisdictions ; (ii) lack of institutional

capacity and inter-agency coordination mechanisms for integrated planning, delivery and monitoring; (iii) operating frameworks that focus on infrastructure asset creation rather than on service delivery performance in terms of coverage, quality, customer satisfaction, sustainability and resilience; and (iv) lack of sustainable financing frameworks, with very low own-source revenue generation, excessive and unsustainable reliance on the state government for input- based budget allocations and operating subsidies, and few incentives for cost-effective service delivery and private sector participation.

Against the backdrop of these situations, the Government of Tamil Nadu (GoTN) decided to 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. Phase 1 of the Chennai 2030 program will focus on improving the delivery of selected metro-level services, with infrastructure investments that can realize visible service improvements in the short term. Phase 1 will be implemented over five years (2021-26) with the objective of improving the quality of and access to core urban services.

The Program, using the WB's Program for Results (PforR) financing instrument, is supporting Phase 1 of the Chennai 2030 program with USD701 million in financing over five years (2021-2026). As a subset of GoTN's overall program, the Program covers the core urban service sectors, including WRM, WSS, urban mobility, SWM, and public health and will be supported by a strong infrastructure investment plan to achieve the Program results.

### 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:	4.43	Most recent disbursement (amount/date):	0.75/May. 02, 2023
Undisbursed:	145.58	Disbursement Ratio (%) <sup>1</sup> :	2.95

### 5. Project Implementation Update

As the Program is based on the PforR instrument, the Program funds will be disbursed by the WB/AIIB to the Government of India (GoI) on the satisfactory achievement of the Disbursement-Linked Results (DLRs), which are the yearly targets of Disbursement-Linked Indicators (DLIs), as verified by an Independent Verification Agent (IVA), following the agreed verification protocols. The Program's effectiveness and implementation were delayed because of the heavy flooding in Chennai in November/December 2021, the third wave of the COVID-19 pandemic in January/February 2022, and the Urban Local Body Elections in February 2022 that affected the availability of government officials. As a result, four changes were made to the Program in September 2022: (i) splitting Disbursement Linked Indicator (DLI) 7 into two with extended timelines; (ii) extending the deadline of a time-bound DLI 8; (iii) extending the deadline of a time-bound DLI 9; and (iv) extending the deadline for hiring the Independent Verification Agent (IVA). The implementation of the activities related to water supply, water resource management, solid waste management, and Mega-Streets are delayed and needs to be

<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.

accelerated. Furthermore, another Program restructuring will be required in order to address the delays in the achievement of the time-bound target of DLR 8.1, which requires the Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) to establish a service level benchmark baseline for improved access to water supply by May 2023.

Components	Physical Progress	Environmental & Social Compliance	Procurement
DLI1.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	The year-one targets are facing a delay. These are: (i) approval of Greater Chennai Corporation (GCC)'s proposal for the expanded recruitment modality through Tamil Nadu Public Service Commission (TNPSC) for Group A and B cadres; and (ii) revised staffing position patterns for Group A and B cadres in GCC. The first DLR, on the revision of staffing policies, requires an amendment that needs the approval of the Tamil Nadu Assembly. The second DLR, related to the decrease in vacancies, is expected to be achieved by the end of June 2023.	N/A	N/A
DLI2. Operationalization of Chennai Unified Metropolitan Transport Authority (CUMTA) with enhanced capacity and control over sector budget allocation to oversee urban mobility in the metropolitan areas.	The year-one target was achieved in May 2023. CUMTA has made good progress toward meeting the year-two targets. One of the year-two targets, approval of the Comprehensive Mobility Plan (CMP) , is delayed by seven months.	CUMTA has hired an environmental expert in Feb 2023. Hiring of a social expert is pending.	CUMTA is responsible for reviewing and finalizing the Comprehensive Mobility Plan (CMP) by Year 2. A consultant to update the CMP was appointed in February 2023.
DLI3. Strengthened institutions for coordinated water management and security.	The year-one target, "GoTN adopts mechanism for operational coordination of water	N/A	N/A

	resources management and development, and long-term water security planning", is in progress. The draft water act is almost ready, and Water Resource Department (WRD) is also preparing a Water Policy, complementary to the Act.		
DLI 4. Enhance efficiency and transparency of public procurement in GCC and Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB).	There has been progress on the percentage of e-procurement undertaken by GCC and CMWSSB.	N/A	CMWSSB passed a resolution on December 14, 2022, for the e-procurement roadmap. GCC and CMWSSB are currently working on their Standard bidding documents (SBD). WB has reviewed CMWSSB's draft bid document. The SBD for CMWSSB is expected to be finalized by the end of June. GCC will reference CMWSSB's SBD to develop their SBD. GCC has identified a procurement person to provide support for procurement under the Program.
DLI 5.GCC's health system strengthened through improved access to services and quality of care:	The year-one target, "development and adoption of quality-of care strategy and operational plan by GCC through the issuance of a GO", has been achieved in October 2022 and allocated funds has been disbursed accordingly.	N/A	N/A
DLI6.Performance-based contracts for bus service delivery to enhance quantity and quality of bus services.	There were delays in the preparation of the Metropolitan Transport Corporation (MTC) Business Plan as well as the adoption of a Public Transport Service Contract (PTSC), during the last reporting period. An agreement	MTC has designated an engineer to coordinate the environmental aspects. However, the social specialist is yet to be mobilized as of June 2023. MTC has initiated the procurement process to procure 1,000 busses and aims to conclude the process by August 2023.	MTC is about to complete procurement for the baseline survey on service performance and expected to finalize by the end of June.

	<p>was reached on the key terms of the business plan and the PTSC to be signed between the Transport Department and MTC in March 2023. The draft final versions of the business plan and the PTSC were discussed in March 2023 and are expected to be finalized by the end of June 2023.</p>		
DLI7.Improved operational efficiency in water supply.	<p>One of the year-one targets, "Policy for customer metering adopted by CMWSSB's Board", has been achieved. The other target of the year-one, "bulk water metering completed", is in progress.</p>	N/A	<p>Consultancy for bulk water metering has been tendered, and the bidding process is expected to be conclude by the end of June 2023.</p> <p>The procurement process for hiring consultancy of the connection and metering program has been initiated and is to be concluded by the end of August 2023</p>
DLI 8. Improved access to water supply services.	<p>The year-one target, "establish service level benchmark (SLB) baseline", is facing a delay in implementation. Once the contractor is appointed, the survey will take a minimum of six months. Thus, the timebound deadline for the DLR (15 months from the date of effectiveness, thus May 2023) cannot be achieved.</p>	N/A	<p>CMWSSB received two bids to undertake the baseline survey, which are under evaluation. The contract is to be finalized by June 30, 2023.</p>
DLI 9. Percentage increase in GCC annual own source revenues	<p>The year-one target of this DLR has been achieved. The DLRs for the balance period require achieving growth of at least 60 percent over the OSR baseline in 2017-18. Due to the recent policy decision to increase property tax rates and other administrative measures (GIS mapping,</p>	N/A	N/A

	etc.), GCC has achieved about 72 percent growth in OSR over the baseline (based on preliminary financial data shared by GCC for FY 22-23), thereby achieving the final target for the Program for this DLI.		
DLI 10. Improved financial sustainability of water supply system (WSS) services	The year-one target has been achieved. As per the latest financial statements, Chennai Metro Water Supply and Sewerage Board (CMWSSB) reported an increase in cost recovery from consumer charges by 18 percent from the baseline.	N/A	N/A

**Financial Management:**

- The audit report was submitted in March 2023. The submitted audit report is qualified. In the case of GCC, the auditors are yet to understand the linkage of the expenditures with the DLI. In the case of Tamil Nadu WRD, no expenditure was incurred last year. The WB has been communicating with the Client regarding the audit outcome and will inform about the agreed solution to AIIB by July 31, 2023.
- One of the targets listed under the Program Action Plan (PAP) is to reduce the backlog of accounts and audits, bringing them up to date for CMWSSB. The target is expected to be achieved by August 2023. One of the other targets under PAP is to prepare and publish the Annual Performance Report (APR) along with financial statements and audit reports within nine months after the end of the FY on the website. Achievement level of this target differs by agency, as some agencies have completed the requirements for this year while others are still working on them.

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

This project has a variety of GRMs.

Metropolitan Transport Corporation (MTC):

MTC currently has Grievance Redressal Mechanism (GRM), which uses email, phone, and social media as a platform and will be updated based on the WB's inputs to enhance the system for escalation before the closure of complaints.

The log of the GRM is being maintained, and a total of 1,262 complaints were registered from August 2022 to February 2023. ( out of 1,262 complaints, 67 were pending at the end of March 2023) AIIB is following it up with WB.

Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB):

The Social Development Specialist, Gender Specialist, and Communications Specialist are in place in the Social Management Cells, which are responsible for GRM, in CMWSSB and WRD.

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Greater Chennai Cooperation (GCC):

GCC is working with WB to strengthen the existing grievance redressal system.

The Metropolitan Transportation Corporation (MTC):

MTC is the nodal authority for bus transport in Chennai. MTC is exploring the possibility of including grievance redressal mechanisms in the 'Chennai Bus' app.

GCC, MTC and CMWSSB have agreed to augment the GRM systems to cover complaints during planning, implementation, and operation, including closing the complaint following satisfactory feedback from the complainant.

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

The Tamil Nadu Infrastructure Development Board (TNIDB), a state-level agency reporting to the Finance Department, is the Program coordinating agency. TNIDB will coordinate with the key sector agencies and be responsible for carrying out Program monitoring and reporting activities. Each DLI has responsible department and technical agencies by whom local level implementation has been closely followed up.

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**Remarks:**

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