

## 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	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; Jyosyula Siva Rama Krishna Sastry, OSD - Social Development Specialist; Shodi Nazarov, OSD - Financial Management Specialist; Amy Chua Fang Lim, OSD - Environment 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		
Planned Site Visits by AIIB:	Mar, 2023 Site visit to the project cities is planned in March 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:	2022/06		

### 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:	0.38	Most recent disbursement (amount/date):	0.10/Sep. 23, 2022
Undisbursed:	104.62	Disbursement Ratio (%) <sup>1</sup> :	0.36

### 5. Project Implementation Update

The water utility for each of the two cities has now been established, thus meeting the critical disbursement condition for the disbursement under component 2.

The Design-Build-Operate (DBO) contract for bulk water supply infrastructure in Amritsar was signed in April, 2021. The contractor has already initiated works for the WTP, OHSRs and the transmission lines.

The tender for the DBO contract for Ludhiana was cleared in Q3CY22 and has already been launched; contractor is expected to be mobilized by Q2CY2023.

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 establishment of GIS/IT cell in the PMU,	NA	The selection of consultants for strengthening of Public Financial Management of the ULBs and providing support for Capital Investment Planning and an Asset Registry & Asset Management Plan in the

<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.

	strengthening of Public Financial Management of the ULBs and providing support for Capital Investment Planning and an Asset Registry & Asset Management Plan in the project cities are in process. ToRs for hiring experts to support these activities are being prepared.		project cities is expected by Q1CY23.
Component 2: Improving water supply infrastructure	<p>Amritsar: The DBO contract for bulk water supply infrastructure in Amritsar was signed in April, 2021. The contractor has been working on the WTP, transmission lines and OHSRs. Although the physical progress was well initially but it had slowed down a bit in the last quarter due to various issues including non-availability of construction material. The boundary wall for the WTP is almost completed; 20% of the Clear Water reservoir and 13% of the Chlorine contact tank is completed.</p> <p>Laying of the transmission pipe and building of the OHSRs has also started. Works on about 25 OHSRs could not be started due to lack of site clearance or approval from various government departments. AMC is in the process of obtaining necessary clearances.</p>	Consultants for Environment and Social Impact Assessment (ESIA) and Resettlement Action Plan (RAP) to support the PMU have been hired in September 2022.	The Invitation for Bids for the DBO contract for Ludhiana was published in October 2022. The contractor is expected to be mobilized by Q2CY2023. With the three-year construction period, the works will be completed very close to the project closing date.
Component 3: COVID-19 crisis response	Project funds under this component can potentially support rehabilitation of existing emergency response structures or other appropriate	NA	Procurement under this component is expected by Q2CY2023.

	structures designated for emergency response with improved facilities such as office space, testing centers, storage facilities etc. as needed by the respective MCs. PMU is expected to coordinate with MCs and submit proposal for the same by Q1CY2023.		
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 September 2022.	A Procurement Specialist has been hired as part of the PMU Team.  The Independent Verification Agency (IVA) for quality assurance of the two DBO contracts is already on board.

**Financial Management:**

PMIDC, AMC and LMC have opened project-specific bank accounts. The bank account of PMIDC was registered on the state Public Financial Management System (PFMS) system. The bank accounts of the two MCs will also be registered on PFMS. The consolidated Interim Unaudited Financial Report (IUFR) for the last quarter has been overdue for a month, but PMIDC has informed us that it will soon be submitted. The first consolidated audit is 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, last year's audit will be combined with the current audit period. 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 is in the process of hiring Chartered Accountancy (CA) firms for internal and external audits.

**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 redress mechanism. The Project-specific GRM is being integrated into the IT platform of the government.

**7. Results Monitoring**

Results Monitoring shall be done in due course.

**Project Objective Indicators #1**

People provided with access to safely managed water supply

Year	Target	Actual	Comments, if any
Aug. 19, 2021	0	0	
Oct. 02, 2022	0	0	
Oct. 02, 2023	0	NA	
Oct. 02, 2024	0	NA	
Oct. 02, 2025	3	NA	
Oct. 02, 2026	3	NA	

**Project Objective Indicators #2**

Improved AMC operational efficiency as measured by enhancement in e-governance (Yes/No)

Year	Target	Actual	Comments, if any
Aug. 19, 2021	No	No	
Oct. 02, 2022	No	No	
Oct. 02, 2023	No	NA	
Oct. 02, 2024	Yes	NA	
Oct. 02, 2025	Yes	NA	
Oct. 02, 2026	Yes	NA	

**Project Objective Indicators #3**

Improved LMC operational efficiency as measured by enhancement in e-governance (Yes/No)

Year	Target	Actual	Comments, if any
Aug. 19, 2021	No	No	
Oct. 02, 2022	No	No	
Oct. 02, 2023	Yes	NA	
Oct. 02, 2024	Yes	NA	
Oct. 02, 2025	Yes	NA	
Oct. 02, 2026	Yes	NA	

**Project Objective Indicators #4**

Water utility established in Amritsar

Year	Target	Actual	Comments, if any
Aug. 19, 2021	No	No	
Oct. 02, 2022	Establishment of autonomous utility	Yes	
Oct. 02, 2023	Core staff positions in the company filled with full time staff with minimum tenure	NA	
Oct. 02, 2024	Transfer of all	NA	

	material assets and contracts from the MC to the utility on sale or lease		
Oct. 02, 2025	Yes	NA	
Oct. 02, 2026	Utility established and operational	NA	

**Project Objective Indicators #5**

Water utility established in Ludhiana

Year	Target	Actual	Comments, if any
Aug. 19, 2021	No	No	
Oct. 02, 2022	Establishment of autonomous utility	Yes	
Oct. 02, 2023	Core staff positions in the company filled with full time staff with minimum tenure	NA	
Oct. 02, 2024	Transfer of all material assets and contracts from the MC to the utility on sale or lease	NA	
Oct. 02, 2025	Yes	NA	
Oct. 02, 2026	Utility established and operational	NA	

**Intermediate Result Indicators #1**

Share of professional MC staff receiving training in technical and professional development disaggregated by gender

Year	Target	Actual	Comments, if any
Aug. 19, 2021	0	0	
Oct. 02, 2022	20	0	
Oct. 02, 2023	20	NA	
Oct. 02, 2024	30	NA	
Oct. 02, 2025	40	NA	
Oct. 02, 2026	50	NA	

**Intermediate Result Indicators #2**

Percentage of Board Directors in Amritsar water utility who are female

Year	Target	Actual	Comments, if any
Aug. 19, 2021	0	0	
Oct. 02, 2022	0	0	
Oct. 02, 2023	0	NA	

Oct. 02, 2024	0	NA	
Oct. 02, 2025	0	NA	
Oct. 02, 2026	30	NA	

**Intermediate Result Indicators #3**

Percentage of Board Directors in Ludhiana water utility who are female

Year	Target	Actual	Comments, if any
Aug. 19, 2021	0	0	
Oct. 02, 2022	0	33.33%	
Oct. 02, 2023	0	NA	
Oct. 02, 2024	0	NA	
Oct. 02, 2025	0	NA	
Oct. 02, 2026	30	NA	

**Intermediate Result Indicators #4**

Number of water treatment plants built and operational

Year	Target	Actual	Comments, if any
Aug. 18, 2021	0	0	
Oct. 01, 2022	0	0	
Oct. 01, 2023	0	NA	
Oct. 01, 2024	2	NA	
Oct. 01, 2025	2	NA	
Oct. 01, 2026	2	NA	

**Intermediate Result Indicators #5**

Number of storage facilities built/rehabilitated in Amritsar

Year	Target	Actual	Comments, if any
Aug. 18, 2021	0	0	
Oct. 01, 2022	10	0	
Oct. 01, 2023	20	NA	
Oct. 01, 2024	40	NA	
Oct. 01, 2025	60	NA	
Oct. 01, 2026	90	NA	

**Intermediate Result Indicators #6**

Number of storage facilities built/rehabilitated in Ludhiana

Year	Target	Actual	Comments, if any
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Oct. 01, 2022	40	0	
Oct. 01, 2023	50	NA	
Oct. 01, 2024	70	NA	
Oct. 01, 2025	90	NA	
Oct. 01, 2026	110	NA	

**Intermediate Result Indicators #7**

Reduced energy consumption of the operated water supply system in Amritsar (as a result of rehabilitation) (Megawatt hour)

Year	Target	Actual	Comments, if any
Oct. 01, 2022	0.03	0	
Oct. 01, 2023	0.03	NA	
Oct. 01, 2024	0.02	NA	
Oct. 01, 2025	0.02	NA	
Oct. 01, 2026	0.02	NA	

**Intermediate Result Indicators #8**

Reduced energy consumption of the operated water supply system in Ludhiana (as a result of rehabilitation)

Year	Target	Actual	Comments, if any
Oct. 01, 2022	0.08	0	
Oct. 01, 2023	0.08	NA	
Oct. 01, 2024	0.03	NA	
Oct. 01, 2025	0.03	NA	
Oct. 01, 2026	0.03	NA	

**Intermediate Result Indicators #9**

Number of MC receiving support under Component 3

Year	Target	Actual	Comments, if any
Aug. 18, 2021	0	0	
Oct. 01, 2022	5	0	
Oct. 01, 2023	12	NA	
Oct. 01, 2024	12	NA	
Oct. 01, 2025	12	NA	
Oct. 01, 2026	12	NA	

**Remarks:**

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