

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:	Ronald Muana		
Responsible DG:	Rajat Misra		
Responsible Department:	PSC1		
Project Team Members:	Bernardita Saez, Project Counsel; Liu Yang, Alternate Counsel; Shodi Nazarov, SFD - Financial Management Specialist; Guoping Yu, SFD - Procurement Specialist; Ronald Muana, Team Member; Jinghui Li, Team Member; Suu Tran Quy, SFD - Social Development Specialist; 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 Sep, 2023 Joint Technical Mission with World Bank. Ronald Muana (PTL), Mohan Dharmapuram (Water Engineering Consultant) Nov, 2023 Joint Supervision Mission with World Bank. Ronald Muana (PTL). Jitender Pal (Urban Consultant) Jun, 2024 Joint Supervision Mission with World Bank. Ronald Muana (PTL). Mohan Dharmapuram (Water Consultant), Jitender Pal (Urban Consultant) Jan, 2025 Joint Supervision Mission with World Bank. Ronald Muana (PTL). Mohan Dharmapuram		

	(Water Consultant)
Planned Site Visits by AIIB:	Jul, 2025 Joint-supervision mission with World Bank
Current Red Flags Assigned:	0
Current Monitoring Regime:	Regular Monitoring
Previous Red Flags Assigned:	0
Previous Red Flags Assigned Date:	2024/05

2. Project Summary and Objectives

The Program objective is to strengthen institutions and improve the 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 and economically advanced states. The Chennai Metropolitan Area (CMA) dominates the State's demographic and economic landscape. However, 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. Given these challenges, the Government of Tamil Nadu (GoTN) 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. The Program will support Phase 1 of the Chennai 2030 program with USD701 million in financing over five years (2021-2026) using the Program for Results (PforR) financing instrument. The Program will focus on improving the delivery of selected metro-level services. Under the PforR instrument, Program funds will be disbursed by the WB and AIIB to the Government of India (GoI) upon the satisfactory achievement of yearly targets for Disbursement-Linked Indicators (DLIs) after verification by an Independent Verification Agent (IVA).

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:	37.49	Latest disbursement (amount/date):	0.75/Oct. 10, 2024
Undisbursed:	112.51	Disbursement Ratio	24.99

		(%) ¹ :	
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5. Project Implementation Update

Overall, the Chennai City Partnership (CCP) Program implementation is accelerating as planned (disbursement rate at 25% as of the end of Dec 2024 and will increase to 44% by the end of Q1 2025):

- Since the last mission in June 2024, two DLRs (DLR 5.4 and DLR 2.3) have been verified and disbursed.
- By the end of February 2025, it is forecasted that three additional DLRs are expected to be verified, increasing the disbursement rate to 44%: i.e. Year 3 DLI 5 (\$14.215 million), Year 2 DLI 6 (\$36 million), and Year 1 DLI 4 (\$1 million)
- Out of 40 DLRs, 8 DLRs have been completed and 6 DLRs are achieved and currently under verification. Other DLRs are in various stages of implementation.
- Some notable achievements to date are DLIs with GCC (Own Sources Revenues, Health), MTC (Gross Contracts for buses), and CUMTA
- On the other hand, HR, Procurement, and WRD DLRs have yet to begin disbursing.
- Civil works components are lagging: Mobility (47% of contracts awarded to date) and CMWSSB (only 5% of contracts awarded to date).
- Implementation needs to be accelerated across all sectors, but especially so for HR, Procurement, Water Supply, and WRD DLRs.
- GoTN has approved the restructuring proposal, which is targeted to be sent to DEA by Feb 2025. The restructuring proposal includes i) updating of mode of recruitment to reflect updated GoTN policies; ii) splitting staffing targets into two years instead of just one; iii) reduction in scope of water targets; iv) replacement of service quality level DLIs.

Notes on Implementing Agency:

GCC - Greater Chennai Corporation

CMWSSB - Chennai Metropolitan Water Supply and Sewerage Board

CUMTA - Chennai Unified Metropolitan Transport Authority

WRD - Water Resources Department

MTC - Metropolitan Transport Corporation

Components	Physical Progress	Environmental & Social Compliance	Procurement
DLI 1. Reduction in vacancy rates of	Status: • Year 1, 2 & 3 DLIs are	N/A	N/A

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.

<p>Group A and B cadre of GCC to enhance professional capability. Group A and B are the grades for the professional level</p>	<p>delayed and are expected to begin substantial implementation by March 2025.</p> <ul style="list-style-type: none"> • DLI on expanded recruitment modality using TNPSC to be replaced with Anna University. The necessary Government Order (GO) was issued for using Anna University in GCC staff selection. Recruitment of 50 Assistant Engineers (AE with 30% women - Group B) in advanced stages and expected to be deployed by March 2025. Vacancy rate after recruitment and promotions would potentially fall from 19.7% to 12.25% • GO for revised staffing pattern for Group A & B cadre in GCC based on new Municipal Act is awaiting GoTN approval - filling up of GCC vacancies expected to start immediately thereafter. • The Program Action Plan (PAP) for HR has been completed 		
<p>DLI 2. Operationalization of Chennai Unified Metropolitan Transport Authority (CUMTA) with enhanced capacity and control over sector budget allocation to oversee urban mobility in the</p>	<p>Status:</p> <ul style="list-style-type: none"> • Slight delays, but overall good progress with hiring: DLI 2.2 target of 20 staff by Year 2 was confirmed via IVA verification report dated Aug 22, 2024. • Comprehensive Mobility Plan (CMP) delayed: CMP completion was delayed 	<p>CUMTA's environmental and social experts are tasked to: provide operational support on matters related to planning, project execution, and operational efficiency in their respective environmental and social area. Their assignment includes review of documents, monitoring KPIs, supporting field activities, and carrying out periodic assessments.</p>	<p>N/A</p>

metropolitan areas.	to Sept 2024 at the last mission in Jun 2024 but has been further delayed. Draft final report likely to be ready for GoTN's review by Mar 2025. <ul style="list-style-type: none"> CUMTA Act Amendments have been passed in Assembly, but rules are still under process: Likely to be concluded in Feb 2025. 	CUMTA's environmental expert (Ms. Akila onboarded March 2023) and social expert (Mr. Bosco, onboarded Nov 2023) are carrying out their capacities. In addition to delivering reporting and coordination tasks, they are involved in the household surveys, Training of Trainers, and stakeholder discussions.	
DLI 3. Strengthened institutions for coordinated water management and security.	Status: <ul style="list-style-type: none"> DLR 3.1 (Water Act submitted to the cabinet): The draft Act has been prepared. Submission to the cabinet is long overdue (delayed from the original targets of EO 2023, and updated target of September 2024). Targeted by February 2025. DLR 3.2 (Water Regulatory Authority operationalized): This can only be initiated after the Water Act is adopted. Targeted by the end of 2025. DLR 3.3 (Water Security Plan adopted): WRD has hired a consulting firm to prepare the Plan. The Plan is ready in draft. However, the draft requires improvements in consultation with other sector agencies before adoption. Targeted by February 2025. DLR 3.4 (Cascade Decision Support System operationalized): LoA 	N/A	N/A

	issued on 13/11/2024. Work to be completed and DSS to be established with an order. Targeted by March 2026.		
DLI 4. Enhance efficiency and transparency of public procurement in GCC and Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB).	<p>Status</p> <ul style="list-style-type: none"> • DLR 4.1: Prepare and adopt e-procurement roadmap: completed, independent verification agency (IVA) to submit verification report for GCC and CMWSSB • DLR 4.2: Prepare standard bidding documents: completed, IVA to submit verification report. • DLR 4.3: Complete Staffing and Training for all procurement staff: completed, IVA to submit verification report. 	Considerations for environmental, health, and safety are being incorporated into the standard bidding documents.	N/A
DLI 5. GCC's health system strengthened through improved access to services and quality of care:	<p>Status:</p> <ul style="list-style-type: none"> • DLR 5.1: Completed • DLR 5.2: 20 facilities have been verified. The GCC is expected to achieve the remaining target (50 health facilities) much earlier than the Program closure. • DLR 5.3: against the Program end target of 60% increase over the baseline, the DLR value against a 59% increase over the baseline has already been disbursed, the remaining 1% is expected to be disbursed in Q1 2025. • DLR 5.4: 12 facilities have received full certification additional 	N/A	N/A

	<p>9 facilities are expected to be verified soon.</p> <p>Key Issues and Next Steps:</p> <ul style="list-style-type: none"> While the NQAS certification is moving at a steady pace currently, achieving the Program end target could be tough to achieve if the HR aspects are not addressed. 		
<p>DLI 6. Performance-based contracts for bus service delivery to enhance quantity and quality of bus services.</p>	<p>Status:</p> <ul style="list-style-type: none"> DLR 6.1 (Public Transport Service Contract (PTSC) between GoTN and MTC): completed; GO issued in October 2023. Fifty percent of existing buses are under the VGF mechanism, exceeding the 30% target. DLR 6.2 (500 buses contracted): Letter of Association (LoA) for 500 low-floor e-buses issued in October 2024. Contract award to be concluded in January 2025. No. of buses may increase to 625 to benefit from the competitive prices quoted. Depots and terminals are in progress, along with power connections for e-buses. DLR 6.3 (500 buses contracted): Target bidding within Q1 2025. 	N/A	<p>On-going bidding for DLR 6.2 (500 buses) is targeted to be completed by Jan 2025. Bidding for DLI 6.3 (500 buses) is targeted to be initiated by Q1 2025.</p>
<p>DLI 7. Improved operational efficiency in water supply.</p>	<p>Status:</p> <ul style="list-style-type: none"> DLR 7.1 (Policy for customer metering): Archived, disbursed in April 2023. 	N/A	<p>Tendering for various contracts such as PBC for zones 10 & 13, and metering programs for highrise/commercial and</p>

	<ul style="list-style-type: none"> • DLR 7.2 (Bulk water metering): Awarded in Oct 2023; Expected completion by June 2025. • DLR 7.3 (Performance Based Contracts (PBC) in zones 10 & 13): Delayed. The proposed restructuring will change the target to 10 water distribution systems or WDS (i.e. 1 PPP for 2 WDS in Area 13, 4 PBCs for 8 WDS in added areas). The PPP contract is to advertise by Jan 2025, and award by Dec 2025 while the PBC contract is to advertise by Feb 2025, and award by Oct 2025. • DLR 7.4/7.5/7.7 (Metering of 90% high-rise & commercial establishments): Proposed to restructure target to reduce to 100,000 covering commercial and high-volume customers. Bidding is delayed. Target to start bidding by Feb 2025, award by October 2025, and start work by Jan 2026 • DLR 7.6 Reduction in NRW: Delayed. The proposed restructuring will limit the target area to PBC's selected systems in the added area. Assuming the mobilization of the NRW reduction program by Jan 2026, the completion must be achieved by Nov 2026 <p>DLI 7 is quite complex and will be closely</p>		<p>lowrise/residential customers are delayed. Targets will be shifted depending on proposed restructuring.</p>
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	supervised to ensure timely implementation.		
DLI 8. Improved access to water supply services.	<p>Status:</p> <ul style="list-style-type: none"> • DLR 8.1 (Establish service level benchmark baseline): Delayed. The baseline survey is expected to be completed by January 30, 2025. Since it was timebound (May 2023, extended to Aug 2024), The proposed restructuring will change the target to the "creation of an Efficiency Improvement Cell (EIC)." • DLR 8.2 (The service agreement): Achieved in March 2024. Disbursed in May 2024. • DLR 8.3 (Additional connections with a minimum 1 hour daily supply in added areas-20% increase): Progress is limited. The constraining factor is limitations on the current bulk water supply. The proposed restructuring will change the target to "average one-hour supply." Meter installation program to monitor hours supply to be completed by March 2025 	N/A	N/A
DLI 9. Percentage increase in GCC annual own source revenues	<p>Status:</p> <ul style="list-style-type: none"> • Based on financial statements for FY 2022-23, this DLI has been met for the entire Program, and reimbursement processed. 	N/A	N/A

DLI 10. Improved financial sustainability of water supply system (WSS) services	Status: • Disbursement of USD 11.3 million for a 15% increase (from 55% to 70%). The Target of 95% by FY26 will be challenging because of issues with requisite interventions: i.e. metering program delayed, the area-based tariff increase not yet approved, TTRO water sales reduced, and operational costs increasing. Actual cost recovery metric reduced to 67%. Key Actions: • Explore tariff increase for rich customers by Feb 2025 • Enhance collection efficiency, TTRO usage, energy efficiency, NRW, and connections	N/A	N/A
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Financial Management:

Financial Management is overall compliant with requirements. However key action items need to be completed:

- For FY 2025-2026: the GCC budget needs to be provided. GCC, CMWSSB, and WRD are given token provisions.
- PEF needs to be reworked based on mission discussions. POM is agreed to be amended to include heads of expenditures segregated by agency for clarity.
- Project statutory auditor contract to be extended
- TNIDB audit report overdue.
- GCC has the majority of expenditures (salaries), expenditures by other agencies are minimal

6. Status of the Grievance Redress Mechanism (GRM)

This Project has GRMs in each of the Project sub-components as implemented by the implementing agencies GCC, CMWSSB, CUMTA, WRD, and MTC. Overall monitoring of GRM is done by the Tamil Nadu Infrastructure Development Board (TNIDB), a state-level agency reporting to the Finance Department and the Project's coordinating agency.

GCC: <https://erp.chennaicorporation.gov.in/pgr/>; Tel No. 94999 33644 (WhatsApp), 1913 (24 Hrs Complaints Cell)

CMWSSB: <https://cmwssb.tn.gov.in/>; cmwssb@tn.gov.in; Tel No.: 45674567, 28451300

CUMTA: <https://cumta.tn.gov.in/>; office@cumta.in; Tel No.: +44243 22377, 44285 52355

WRD: <https://wrд.tn.gov.in/>; eicwrдtn@gmail.com; Tel No.: 44284 10402, 44284 10403

MTC: <https://mtcbus.tn.gov.in/>; customercare.mtc@tn.gov.in; Te No.:+91-94450 30516

7. Results Monitoring

Each DLI has a responsible implementing agency in charge of delivering the project outputs. The Tamil Nadu Infrastructure Development Board (TNIDB), an attached agency to the Finance Department, provides overall project coordination and monitoring. The Project Team coordinates with both the implementing agencies and TNIDB regarding the monitoring of project results.

Out of 40 DLRs, 8 DLRs have been completed and 6 DLRs are achieved.

Since the last PIMR, DLR 5.4 and DLR 2.3 have been achieved, verified, and disbursed.

Project Objective:To strengthen institutions and improve quality and financial sustainability of selected urban services in the Chennai Metropolitan Area (CMA).

Project Objective Indicators

Monitoring end year : 2026

Indicator Name	Unit of Measure	Baseline	Actual (Previous)	Actual (Current)	Current Target	End Target
DLI1: Reduction in vacancy rates of Group A & B cadre of GCC	Output-based	Vacancy level for Group A and B cadre at 23 percent. (30% women to be hired as per GOTN Policy).	ongoing	ongoing	same as previous year	Vacancies in Group A & B as per revised staffing pattern lowered to < 5 percent.
DLI2: Operationalization of CUMTA with enhanced capacity and control over sector budget allocation to oversee urban mobility in metropolitan areas	Output-based	No staff, no budget	ongoing	ongoing	same as previous year	same as previous year
DLI9: Percentage increase in GCC annual OSR	Output-based	No revenue improvement plan, Rs 1240 crores (INR) OSR from 2017/18	achieved	ongoing	30 percent increase in OSR over baseline	60 percent increase in OSR over baseline
DLI10: Improved financial performance for WSS	Output-	CMWSSB to provide FY 21	achieved	ongoing	User charges revenue >	User charges revenue at

services	based	financial statement to confirm baseline. (User charges revenue is approx. 54% of Revenue expenditure in FY 20)			70% of Revenue expenditure	least 90% of Revenue expenditure
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Comments:

Intermediate Result Indicators

Monitoring end year : 2026

Indicator Name	Unit of Measure	Baseline	Actual (Previous)	Actual (Current)	Current Target	End Target
DLI4: Enhance efficiency and transparency of public procurement in GCC and CMWSSB	Output-based	GCC uses e-tendering and CMWSSB uses it partially. Bid evaluation, award and contract management is done offline.	ongoing	ongoing	same as previous year	(4.6) At least 75% of the contracts by value awarded are disclosed within service standards published in Citizen's Charter.
DLI3: Strengthen institutions for coordinated water management and security	Output-based	No Water Act and no Water Regulatory Authority	ongoing	ongoing	same as previous year	same as previous year
DLI5: Strengthening GCC's health system through improved access to and quality of care	Output-based	No Quality of Care Strategy and Operational Plan; zero UPHCs providing at least 7 out of 12 CPHC service packages;	achieved	achieved	(5.3) Increase in the percentage of public and selected private health facilities contributing to disease	same as previous year

		10% public and select private sector facilities contributing to disease surveillance; zero UPHCs/UHCs with NQAS full certification			surveillance by submitting P-forms reports to GCC for at least 42 out of 52 weeks in a given FY.	
DLI6: Performance-based contracts for bus service delivery	Output-based	No performance-based contracts for bus service delivery	achieved	achieved	same as previous year	same as previous year.
DLI7: Improved operational efficiency in WSS	Output-based	No metering policy	ongoing	ongoing	(7.5) Increase in metering of low-rise (Ground+2 and below) domestic connections (7.6) reduction in NRW or unaccounted for water	same as previous year.
DLI8: Improved access to water supply services Type of	Output-based	Baseline to be established	ongoing	ongoing	same as previous year	same as previous year

Comments:

Remarks:

As discussed in Section 5, some DLRs are proposed to be restructured.