

## 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; Vanshica Kant, Team Member; Xianzhuo 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)
	Jul, 2025
	Joint Supervision Mission with World Bank. Ronald Muana (PTL) ( joined virtually)
Planned Site Visits by AIIB:	Jan, 2026 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:	2024/12

## 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:	66.35	Latest disbursement (amount/date):	2.25/Jul. 30, 2025
Undisbursed:	83.66	Disbursement Ratio	44.23

		(%) <sup>1</sup> :	
--	--	--------------------	--

## 5. Project Implementation Update

Overall, the Program's implementation is broadly satisfactory, with a need for acceleration of DLIs related to HR, Water Supply, and WRD DLIs. Please note that the disbursement figures below refer to combined AIIB and WB portions. The AIIB portion is 50% of the disbursement figures.

- Out of 39 DLRs, 17 DLRs have been completed, and the current disbursement rate is 44%. Since the last mission in January 2025, 12 DLRs (US\$62.75M) have been achieved and disbursed.
- Within this quarter, an additional US\$9.425M of the achieved DLRs is expected to be disbursed. 1 DLR completed verification– DLR 3.2 Water Security Plan (US\$5M) / 2 DLRs under verification, i.e., DLR 1.1 (HR policy) (US\$2.5M) and DLR 5.4 (Health) (US\$1.925M)
- Disbursement target till June 2026 is US\$87 million – about US\$57M is expected to be achieved and disbursed by Dec 2025, which will increase the disbursement rate to 63%.
- Results Framework. Out of 7 PDO indicators & 11 Intermediate indicators, 2 PDO indicators and 2 Intermediate indicators have achieved their end targets till date (some data is pending).
- PAPs. Out of 13 PAP actions, 10 actions have been completed, and the rest are ongoing.
- Civil works components are lagging – Mobility (47% of contracts awarded till date), CMWSSB (only 5% of contracts awarded till date) – both same as last mission.
- A restructuring request was discussed in the last mission to update DLIs to align them with the actual progress, the priorities of the government, technical reasons, and the need to refine/consolidate DLI targets. Additionally, adjustments to the targets of the DLRs are required for alignment with practical implementation needs and for enhancing the program's overall performance. The request letter from DEA is expected to be received by AIIB by September 2025.

Key Next Steps:

- Actions for lagging DLRs:
- GO for GCC staffing structure – by Sept 30, 2025.
- CMWSSB to award 6 pending critical contracts – before Oct 31, 2025.
- GCC to award phase-II mega streets contracts – before Sept 15, 2025.
- WRD to present draft Water Regulatory Act to cabinet by Sept. 30, 2025, and then to the Assembly before the election code of conduct.
- Request for extension of the Loan closing date was discussed, and the proposal would be taken up next year at a suitable time and after all civil works contracts are awarded.

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

<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.

Components	Physical Progress	Environmental & Social Compliance	Procurement
DLI 1. 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	Status: <ul style="list-style-type: none"> <li>• DLR 1.1 GoTN issues a GO that provides for an updated recruitment policy for GCC Group A &amp; B cadre. Completed and under IVA verification</li> <li>• DLR 1.2 GO for revised staffing pattern for Group A &amp; B cadre in GCC. On-track</li> <li>• GCC has submitted the revised staffing position to GoTN and is currently under review – expected to be issued by Sept 30, 2025.</li> <li>• DLR 1.3 Percentage decrease in vacancies in Group A &amp; B as per revised staffing position. On-track</li> <li>• Government Order (GO) issued for using Anna University in GCC staff selection.</li> <li>• Group A cadre – Out of 49 vacancies, no progress has been made / Group B cadre - Out of 480 vacancies, 54 Assistant Engineers are in progress &amp; 46 AEs are to be filled through promotions.</li> </ul>	N/A	N/A
DLI 2. Operationalization of Chennai Unified Metropolitan Transport Authority (CUMTA) with enhanced capacity and control over sector budget allocation to oversee urban	Status: <ul style="list-style-type: none"> <li>• On-track: Overall good progress with hiring: DLI 2.2 target of 20 staff by Year 2 met and disbursed.</li> <li>• CUMTA requested to split DLI 2.2 Year 4 (i) staffing target of 40 staff into two: 30 by Year 3 and 40 by Year 4.</li> </ul>	CUMTA's environmental and social experts are onboarded and delivering safeguards support, including monitoring, Training of Trainers, and stakeholder discussions.	N/A

mobility in the metropolitan areas.	CUMTA staffing currently stands at 23, with 2 more staff sanctioned. CUMTA expects to meet the revised Year 3 target by this year. <ul style="list-style-type: none"> <li>• DLI 2.4 Year 4 (ii): Empowered committee under CUMTA established to decide on funding for urban mobility.</li> <li>• Comprehensive Mobility Plan (CMP) Delayed. CMP completion delayed to Aug 2025. Need to sharpen CMP based on prioritization of projects based on projected financing/funding availability and KPIs.</li> <li>• CUMTA Act Amendments and associated Rules in force.</li> </ul>		
DLI 3. Strengthened institutions for coordinated water management and security.	Status: <ul style="list-style-type: none"> <li>• DLR 3.1 (Water Act): Delayed. The draft Act has been prepared, reviewed by the State Planning Committee and State Law Department, but is still awaiting passage by the Assembly. Coordination underway.</li> <li>• DLR 3.2 (Water Regulatory Authority): Delayed. The WRA is directly dependent on the passage of the Water Act (see DLR 3.1). Coordination underway</li> <li>• DLR 3.3 (Water Act submitted to the cabinet): Completed. The government has issued an Order for the</li> </ul>	N/A	N/A

	<p>adoption of the Water Security Plan (WSP), and the disbursement of US\$5 million has been cleared.</p> <ul style="list-style-type: none"> <li>DLR 3.4 (Cascade Decision Support System- DSS): On-track. Hardware, including sensors and weather and rainfall stations, has been installed at the five dams that supply water to Metro Chennai. A decision support system (DSS) for the five reservoirs has been developed.</li> </ul> <p>Disbursement by Q1 2026</p>		
<p>DLI 4. Enhance efficiency and transparency of public procurement in GCC and Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB).</p>	<p>Status:</p> <ul style="list-style-type: none"> <li>DLR 4.1: (Prepare and adopt e-procurement roadmap verification agency (IVA) to submit verification report for GCC and CMWSSB): Completed.</li> <li>DLR 4.2 (Prepare standard bidding documents): Completed</li> <li>DLR 4.1-3: (Staffing and training for all procurement staff): Completed</li> <li>DLR 4.2-5: (Online procurement and award at least 75% by contract value): Completed</li> </ul>	<p>Considerations for environmental, health, and safety are being incorporated into the standard bidding documents.</p>	N/A
<p>DLI 5. GCC's health system strengthened through improved access to services and quality of care:</p>	<p>Status:</p> <ul style="list-style-type: none"> <li>DLR 5.1: Completed</li> <li>DLR 5.2 (# of UPHCs providing 7 service packages): On-track. This DLR has shown early achievement. All 70 facilities are providing 7</li> </ul>	N/A	N/A

	<p>or more service packages.</p> <ul style="list-style-type: none"> <li>• DLR 5.3 (% of health facilities contributing to disease surveillance): Completed.</li> <li>• DLR 5.4 (# of UPHCs/UHCs with NQAS certification): On-track. 32 facilities achieving NQAS certification (11 under verification) and an additional 8 facilities expected by the end of this calendar year. The remaining 20 facilities are expected to be completed by June 2026.</li> </ul>		
<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"> <li>• DLR 6.1 (Public Transport Service Contract (PTSC) between GoTN and MTC): Completed; GO issued in October 2023. 50% of existing buses are under the VGF mechanism, exceeding the 30% target.</li> <li>• DLR 6.2 - 6.4 (500+125 buses contracted): On-track. Gross Cost Contract for 625 low-floor e-buses issued in March 2025. 120 e-buses were deployed in June 2025, while the rest would be deployed in phases by March 2026. Depots and terminals are in progress, along with power connections for e-buses.</li> <li>• DLR 6.4 (500 buses contracted, including 375 for PforR):</li> </ul>	<p>N/A</p>	<p>Bidding for DLR 6.2 (500 buses) completed. Bidding for DLI 6.4 (500 buses) is on track and targeted to be completed by Q3 2025.</p>

	<p>On track. RfP issued and bids received. Evaluation and contracting expected by September 2025.</p> <ul style="list-style-type: none"> <li>PMU onboarded to manage multiple projects and priorities of MTC. Subject matter experts hired to support MTC.</li> </ul>		
<p>DLI 7. Improved operational efficiency in water supply.</p>	<p>Status:</p> <ul style="list-style-type: none"> <li>DLR 7.1 (Policy for customer metering): Completed, disbursed in April 2023.</li> <li>DLR 7.2 (Bulk water metering): Delayed completion from Dec 2024 to June 2025, now March 2026</li> <li>DLR 7.3 (PBC for water supply distribution in 10 WDS). On-track. PBC in Area XIII under HAM (2 WDS) (\$3m): Bid due date – Aug 7, 2025; Procurement by Oct 2025. 4 Performance-based O&amp;M contracts in the Added Area for 8 WDS in Area XI, XII, XIV, XV (\$12m): Board Approval by Aug 2025, Tender invite by Sep 2025. Awarding of the contract has been delayed from June 2025 to December 2025</li> <li>DLRs 7.4, 7.5, 7.7 proposed to be restructured into one DLR. On-track. Expected procurement by October 2025, work commencement by January 2026: Metering of 1lakh connections in commercial, high-rise,</li> </ul>	<p>N/A</p>	<p>N/A</p>

	and domestic (\$9m) <ul style="list-style-type: none"> <li>• DLR 7.5 (Reduction in NRW in select subzones with O&amp;M contracts): On track. Dependent on 7.3 (ii), NRW achievement to kick off 1 year of work commencement</li> </ul>		
DLI 8. Improved access to water supply services.	Status: <ul style="list-style-type: none"> <li>• DLR 8.1 (Establish service level benchmark baseline): Delayed. Bid under evaluation, Award and signing of contract by August 2025</li> <li>• DLR 8.2 Service performance agreement (\$2m): Completed in March 2024 and US\$2m disbursed</li> <li>• DLR 8.3 36000 domestic consumers added, receiving 1-hour average supply in Added Areas (\$17m): 1-hr supply monitoring report Delayed (from March 2025 to August 2025)</li> </ul>	N/A	N/A
DLI 9. Percentage increase in GCC annual own source revenues	Status: <ul style="list-style-type: none"> <li>• Completed. Based on financial statements for FY 2022- 23, this DLI has been met for the entire Program, and reimbursement has been processed.</li> </ul>	N/A	N/A
DLI 10. Improved financial sustainability of water supply system (WSS) services	Status: <ul style="list-style-type: none"> <li>• On-track. Disbursement of US\$11.3mn for a 15% increase (from 55% to 70%). However, the target of 95% by FY26 is challenging because metering is delayed, an area-wise tariff increase</li> </ul>	N/A	N/A

	has not been approved, Tertiary Treated Reverse Osmosis (TTRO) water sales have been reduced, and costs are increasing.  Key Actions: <ul style="list-style-type: none"> <li>• Explore tariff increases for high-income customers in the next semester</li> <li>• Enhance collection efficiency, TTRO usage, energy efficiency, NRW, and connections</li> </ul>		
--	--	--	--

**Financial Management:**

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

- In the latest government budget, CMWSSB and GCC have token provisions. GCC has been given an allocation under the I&A head. Funds to be released as no funds released under CCP - may impact the Mega street's timely completion. Budgets and fund flow provisions for GCC and CMWSSB.
- The CMWSSB accounting system/software needs to be studied by a consultant, as issues have been persistent.
- Delays in finalizing accounts for CMWSSB – to be expedited.
- Audit report to be submitted for FY 24-25 by 30th September 2025.

**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](mailto:cmwssb@tn.gov.in); Tel No.: 45674567, 28451300

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

WRD: <https:// wrd.tn.gov.in/>; [eicwrdsn@gmail.com](mailto:eicwrdsn@gmail.com); Tel No.: 44284 10402, 44284 10403

MTC: <https://mtcbus.tn.gov.in/>; [customer care.mtc@tn.gov.in](mailto:customer care.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 39 DLRs, 17 DLRs have been completed, and the disbursement rate has improved to 44%

Out of 7 PDO indicators & 11 Intermediate indicators, 2 PDO indicators and 2 Intermediate indicators have achieved their end targets to date (additional data being gathered).

**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).	on-track	on-track	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	on-track	on-track	(2.4) Stage 3 staffing in place (40 staff) as provided in the CUMTA Operational Manual, and (2.5) CUMTA approves overall sector funding allocation annually	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	achieved	45 percent increase in OSR over baseline	60 percent increase in OSR over baseline
DLI10: Improved financial performance for WSS services	Output-based	CMWSSB to provide FY 21 financial statement to confirm	achieved	on-track	User charges revenue > 80% of Revenue	User charges revenue at least 90% of Revenue

		baseline. (User charges revenue is approx. 54% of Revenue expenditure in FY 20)			expenditure	expenditure
--	--	--	--	--	-------------	-------------

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.	completed	completed	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	(3.4) Cascade decision support system including optimization and enhanced monitoring system is established and operational through a Government Order	same as previous year
DLI5: Strengthening GCC's health system through improved access to and	Output-based	No Quality of Care Strategy and	achieved	on-track	(5.4) Increase in number of UPHCs/UCHCs	same as previous year

quality of care		Operational Plan; zero UPHCs providing at least 7 out of 12 CPHC service packages; 10% public and select private sector facilities contributing to disease surveillance; zero UPHCs/UHCs with NQAS full certification			with NQAS full certification.	
DLI6: Performance-based contracts for bus service delivery	Output-based	No performance-based contracts for bus service delivery	achieved	on-track	(6.3) Bus services contracted (equivalent to 500 additional buses to Y2 and inclusive of viability gap funding for 1000 buses)	same as previous year.
DLI7: Improved operational efficiency in WSS	Output-based	No metering policy	ongoing	ongoing	same as previous year.	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.