

Directorate of Municipal Administration

Tamil Nadu Climate Resilient Urban Development

1. Preamble

In order to address the fast-growing demand for urban services in a sustainable and resource-efficient manner, the Municipal Administration and Water Supply Department (MAWS), GoTN has formulated the Urban Vision 2031. The key priorities for ULBs as stated in this Vision include: (i) improving accessibility and quality of urban services to meet the increasing service demands, especially in smaller ULBs and emerging growth centers; (ii) ensuring that infrastructure design and urban development are climate resilient and low-carbon in line with climate change projections; and (iii) strengthening the institutional capacity of ULBs to better plan, deliver and manage urban services and their public assets in a financially sustainable manner.

As a part of implementation of the 2031 Urban Vision, GoTN is undertaking a World Bank financed Program for Results (PforR). The proposed PforR, will be supporting GoTN to develop Tamil Nadu Climate Resilient Urban Development (TNCRUDP) and is expected to be approved during World Bank FY24, with the Objective to strengthen urban management and improve access to efficient and climate resilient urban water and sanitation services in participating ULBs in Tamil Nadu. The TNCRUDP will support the MAWS Urban Vision 2031 of service delivery improvement and climate resilience in selected 21 participating ULBs focusing on two pillars: (i) Urban services delivery, primarily water supply and sanitation as part of AMRUT 2.0; and (ii) Urban governance. The TNCRUDP will support building institutional capacities, improving institutional performance, in addition to enhanced service delivery through water and sewer connections, financial sustainability of ULBs and mainstreaming climate resilience in WSS systems.

2. World Bank Assisted TNCRUDP

The proposed TNCRUDP with PforR approach will cover selected sectors under the Government program, including: (i) water supply; (ii) sewerage/wastewater; with a focus on water security and climate resilience; and (iv) urban governance. The Program will be implemented over six years (2024-2030).

3. Participatory ULBs and the Project details

The Director of Municipal Administration has identified 21 participating ULBs to be part of the proposed Program. These ULBs were selected based on the following criteria: (i) coverage under both of the proposed Program Results Areas; (ii) priority given to those ULBs with higher gaps in Water Supply and Sanitation (WSS) service levels, higher climate vulnerabilities, and with greater need for urban

management capacity support (such as ULBs that were recently upgraded as municipal corporations); (iii) a mix of large and small ULBs (municipal corporations and municipalities, excluding Chennai), with a minimum population of 30,000 and above; and (iv) ULBs that have a variety of sub-projects aligned with the priorities of AMRUT 2.0 and SBM 2.0 (i.e., water supply, sewerage networks preferably with existing STPs) packaged in an integrated manner, rather than one or two isolated sub-projects. Table 1 below shows the 21 participating ULBs.

Table 1: Cities Participating in the Program

Sl No.	Project ULBs	Details of Project	Sl No.	Project ULBs	Details of Project
1	Avadi	WSIS	12	Tirunelveli	24 x 7 WS
		UGSS			
2	Cuddalore	UGSS	13	Dharmapuri	UGSS
		24 x 7 WS			
3	Dindigal	UGSS	14	Krishnagiri	UGSS
		24 x 7 WS			
4	Erode	24 x 7 WS	15	Namakkal	UGSS
5	Kancheepuram	WSIS	16	Theni- allinagaram	UGSS
		UGSS			
6	Nagarcoil	24 x 7 WS	17	Karaikudi	UGSS
					24 x 7 WS
7	Tambaram	24 x 7 WS	18	Pudukottai	UGSS
					24 x 7 WS
8	Vellore	24 x 7 WS	19	Rajapalayam	24 x 7 WS
9	Salem	UGSS	20	Tiruvarur	UGSS
10	Thoothugudi	UGSS	21	Tiruvannamalai	UGSS
		24 x 7 WS			
11	Trichirappalli	24 x 7 WS			

4. Program for Result

The Program for Result under TNCRUDP will support the GoTN MAWS Department through IBRD financing of about US\$280million, with implementation to be undertaken by the Directorate of Municipal Administration (DMA), Tamil Nadu Urban Infrastructure and Financial Services Limited (TNUIFSL) and participating ULBs. The Program will disburse to GoTN based on the achievement of DLIs which are tied to key results from the Program.

The PforR TNCRUDP has two results areas which are detailed below:

Result Area (RA) 1: Strengthening Urban Management and Climate Resilient Planning. This result area will focus on addressing critical binding constraints on urban management and climate resilient planning. The DLIs under RA1 will focus on actions that are under the control of state level institutions and on supporting improved performance of ULB in the following areas: (i) mobilization of Own Source Revenue; (ii) climate resilient planning (iii) staffing and HR management; (iv) capital expenditure and asset management; (v) transparency and timeliness in budget management; (vi) citizen engagement and user-centric service delivery: (vii) Improved city level climate resilience through energy saving and green cover. Result Area 1 has 5 DLIs as indicated in Table 2 below.

RA2: Improving Accessibility, Climate Resilience and Financial Sustainability of Urban Services. This result area will support developing and implementing a new WSS service delivery performance-based framework that integrates institutional performance and service delivery improvements. Institutional actions such as WSS tariffs rationalization (through by-laws), improvements in billing and collection, accountability and citizen engagement, and performance standards monitoring will be incentivized in the Framework and through the DLIs. These will be combined with on-the-ground service delivery improvements, such as the development of water connections that are metered, billed, and received for an agreed number of hours of supply per day, non-revenue water and energy efficiency activities, and water security measures to ensure climate resilience and the sustainability of the service. Result Area 2 has 3 DLIs (Table 2 below).

Table 2: Results Areas and Disbursement Linked Indicators

Results Area	Disbursement Linked Indicators (DLI)	Allocated Amount (US\$, Millions)	Allocated Amount YEN NOTE (10000 JPY = one YEN NOTE)	Allocated Amount in Cr
Results Area 1: Strengthening urban management, institutional framework and climate resilient planning	DLI 1: Increase in OSR of participating ULBs	27.06	407754	225.25
	DLI 2: Increasing ULBs' access to financial market	4.000	60274	33.30
	DLI 3: Enhanced institutional capacities for Climate resilient planning	6.000	90411	49.95
	DLI 4: Improving fundamental institutional capacity	13.63	205383	113.46
	DLI 5: Strengthened institutional capacity to manage resources in a sustainable, participatory, and green manner.	20.45	308150	170.22
RA 1 sub total		71.14	1071973	592.18
Result Area 2: Improving accessibility, climate	DLI 6: Delivering functional water and sewerage connections	139.50	2102055	1161.20

Results Area	Disbursement Linked Indicators (DLI)	Allocated Amount (US\$, Millions)	Allocated Amount YEN NOTE (10000 JPY = one YEN NOTE)	Allocated Amount in Cr
resilience and efficiency of urban WSS Services	DLI 7: Increased operational, climate and financial efficiency of WSS services	54.41	819877	452.90
	DLI 8: Improved city level climate resilient	13.95	210205	116.12
RA 2 sub total		207.86	3132138	1730.22
	Total	279.00	4204111	2322.40

5.Independent Verification Agency

The results and achievements as per the DLIs under the Program will be independently verified by an **Independent Verification Agent (IVA)** and the recommendation of IVA will be submitted for releasing the grant by the bank to the ULBs. In this regard following the World Bank procumbent regulation Award of Contract notice for engagement of IVA is issued.