

Rs.1431crs. WB loan for A.P. Civic Projects

CM directs for a separate mechanism for completion of the project on schedule

HYDERABAD: In a major fillip to the urban development sector in Andhra Pradesh, the World Bank has approved a loan of US \$ 300 million (approximately Rs 1431.91 crore) under the Andhra Pradesh Municipal development Project.

Disclosing this at an informal meeting on urban development on Sunday, Chief Minister K Rosaiah said the World Bank loan would provide a big impetus to the government's initiative in taking up qualitative works in various municipalities to meet the civic and infrastructure requirements of urban people. Minister for Urban Development Anam Ramnarayana Reddy, Principal Secretaries T S Appa Rao, Pushpa Subrahmanyam and other senior officials attended the review meeting.

The Chief Minister said the total project cost is Rs 1670.55 crore (US \$350 million), out of which the state government's share would be Rs 238.64 crore (US \$ 50 million). The project would commence from February 15, 2010 and is expected to close by December 31, 2015. He congratulated the MA&UD Minister and officials for securing the loan and asked them to implement the projects as per the schedule. He directed that efforts be made to enter into the loan agreement during this month.

The project's objective is to help improve urban services in the state and the capacity of urban local bodies (ULB) to sustain and expand urban services. The urban service improvements will be chosen in a demand-driven manner and implemented by urban local bodies subject to several criteria and with necessary technical support. The project will support improvements in the financial, technical, and management capacities of all ULBs of the state through technical assistance and as a condition for infrastructure financing.

The officials told the Chief Minister that the project would finance works or goods to build, upgrade, or improve efficiency of, a full range of municipal facilities for which ULBs are responsible like roads, sewerage, water supply, sanitation, solid waste management, street lighting; community centers, etc.

Each urban infrastructure investment sub project will have an estimated cost of Rs.5 crore or more. The ULBs will be required to finance 10 per cent of sub-project cost and will receive sub grants and sub loans, repayable over 15 years at an interest rate equal to the State's borrowing cost plus one per cent per annum in line with the financing structure under JNNURM and UIDSSMT.

The key outcome indicators of the World Bank Project include increase in public satisfaction with municipal services in participating cities; The Subproject-specific outcomes such as the increase in hours of water supply per day or volume of liquid or solid waste collected and sanitarily disposed of, water and sewer connections, the number of people receiving such benefits.

The key output indicators include: Expansion of water supply or sewerage capacity and network; Increase in improved road surface; Number of staff and councilors trained in municipal management; Number of the poor completing job training; Formal discussion or adoption of revised state frameworks for urban finance and planning and Adoption of revised general town plans.

The Chief Minister suggested the Minister, M.A.&U.D to continuously review the various works taken up district-wise and monitor the progress.

(Official Press Release)