

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED
SAFEGUARDS DATA SHEET (PID/ISDS)
CONCEPT STAGE**

Report No.: PIDISDSC18168

Date Prepared/Updated: 11-Jul-2016

I. BASIC INFORMATION

A. Basic Project Data

Country:	India	Project ID:	P158502
		Parent Project ID (if any):	
Project Name:	Jharkhand Municipal Development Project (P158502)		
Region:	SOUTH ASIA		
Estimated Appraisal Date:	21-Feb-2017	Estimated Board Date:	26-Jul-2017
Practice Area (Lead):	Social, Urban, Rural and Resilience Global Practice	Lending Instrument:	Investment Project Financing
Borrower(s):	Government of India		
Implementing Agency:	Urban Development and Housing Department, Government of Jharkhand		
Financing (in USD Million)			
Financing Source			Amount
Borrower			90.00
International Bank for Reconstruction and Development			210.00
Total Project Cost			300.00
Environmental Category:	A - Full Assessment		
Concept Review Decision:	Track II - The review did authorize the preparation to continue		
Is this a Repeater project?	No		
Other Decision (as needed):			

B. Introduction and Context

Country Context

India's urban led economic growth is accompanied by an unprecedented urban and spatial

transformation. The 2011 Census has projected a 31% increase (377 million persons) on urbanization level over the next 20 years. This massive urban transformation largely defines one of India's fundamental development challenges going forward to accommodate an additional 10 million urban dwellers per year, and to provide: housing and urban services, including water supply, sewerage, drainage, solid waste management, urban transportation networks and systems, services in slums; and create opportunities for economic growth and environmentally sustainable urbanization. In addition, there is existing backlog in urban services. The scale of challenges also brings the focus on the urban capital investment needs in India as outlined by various Finance Commissions and expert bodies.

Thus, accommodating the needs of India's growing urban populations will continue to be a strategic development challenge for many years to come, that has to be faced primarily by the State governments, as urban development is entirely a state subject under the Indian Constitution. Since enactment of the 74th Constitution Amendment Act (CAA), 1992, which provided constitutional recognition to the urban local bodies (ULBs) and the basis for the State Legislatures to transfer various responsibilities to ULBs, there has been a slow but steady increase in the provision of basic services by the ULBs. It has resulted in both the Central and State governments encouraging ULBs to enhance their own-source revenues.

A McKinsey study on Indian urbanization estimates a capital investment need of US\$ 1.2 trillion over the next 20 year period, in addition to substantial resources required for sustainable operation and maintenance (O&M) of urban services. To respond to these growing needs and complement the priorities of the national urban agenda, the Government of India (GoI) has launched new national level mission programs: (i) the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) for universal coverage of basic urban services; (ii) the Swachh Bharat Mission (SBM) for clean sanitation for improved public health; (iii) Housing for All (HFA) focusing on developing an affordable and low cost housing stock to meet the growing demand for shelter, and (iv) progressive developmental initiatives such as 100 Smart Cities Mission (SCM), to develop 100 smart cities in India.

Sectoral and Institutional Context

Urbanization in Jharkhand: With a total population of 32.9 million, Jharkhand comprises 2.72% of the country's total population. The 2011 Census recorded an urban population of 7.9 million, corresponding to 24.05% of the total population. The share of Scheduled Castes and Scheduled Tribes is high at 12 and 26 percent, respectively. Jharkhand's urbanization rate is lower than the national average, but is projected to catch-up in the next 15 years. Jharkhand has 43 ULBs with a total population of 5.26 million (2011 Census). They include six Municipal Corporations, nineteen Municipal Councils, fifteen Nagar Panchayats, two Notified Area Committees, and one Municipality. ULBs have the statutory responsibility to provide civic and infrastructure services in areas under their jurisdiction. Citizen engagement has been minimal; and municipal elections were held in 2008 after 22 years.

The urbanization rate has increased since the formation of Jharkhand as a separate state (carved out of Bihar) in 2000, under the Bihar Reorganization Act, which has given a economic and administrative boost to the cities. The regional urbanization trends in the state portray wide variations across districts, as seen between 2001 and 2011. Studies indicate a direct relationship between the spatial distribution of the urban population and the major industrial nodes of the State, such as the districts of Ranchi, Dhanbad, Bokaro, Jamshedpur, etc. An additional factor that contributes to Ranchi's leading position the urban landscape in the State, is its administrative

importance as the capital city after the formation of the Jharkhand State.

Urban Services in Jharkhand: The provision of urban services in Jharkhand is low and deficient. The present levels of service delivery is dotted with issues such as deprived or absent civil infrastructure, poor network coverage, and weak operation and maintenance of existing utilities cumulatively leading to poor supply of water, sanitation and solid waste management.

The estimated investment requirement for urban sector in Jharkhand is USD 2 billion. After taking into account various central and state funding for the urban sector, there is a net investment gap of over USD 1 billion. The proposed project will look at meeting a part of this investment gap.

Urban Management in Jharkhand: Urban management capacities and the institutional systems at the state and ULB levels have been traditionally weak in Jharkhand. The three major cities (Ranchi, Dhanbad and Jameshedpur) covered under JNNRUM were unable to complete any of the prescribed ULB-level reform activities, while progress on state-level reform activities has been slow. The DMA was set-up in 2007 while SUDA was set-up as recently as in 2013, leading to a fragmented institutional framework. While UDHD has taken steps to strengthen the state-ULB institutional architecture, lack of personnel and weak institutional coordination has resulted in poor implementation of central and state schemes. Financial health of ULBs in the state is weak due to weak own revenue base resulting in heavy dependence on the inter-governmental transfers.

Weak own-source revenue base and inadequate skilled manpower are two major reasons for sub-optimal capital investments and weak operation and maintenance (O&M) at the ULB level. In addition, ULBs do not have well-functioning, transparent and efficient systems for financial management (budgeting, accounting, audit and expenditure management). Lack of credible information on ULB finances owing to weak financial reporting systems limits their ability to raise finances from non-budgetary/market sources.

State Initiatives in Urban Sector: Since the beginning of this decade, GoJ has started focusing on urbanization as a critical growth factor. GoJ's Urban Sector Improvement Program, implemented by UDHD, aims to revitalize ULBs through administrative and management reforms, as well as infrastructure improvements. The Program lays greater emphasis on managing urbanization through improved systems for urban development and city management. GoJ has recently initiated urban infrastructure improvement initiatives in its urban areas and supplemented this with capacity and institutional building activities at state and ULB level. Realizing that this is a particularly ambitious agenda, GoJ has approached the Bank to partner on both its urban service delivery agenda as well as its urban management initiatives. GoJ is particularly looking at the Bank's experience in other states in achieving similar outcomes. Given the particularly weak capacity at ULB level, GoJ has set up the Jharkhand Urban Infrastructure Development Company (JUIDCO), a 100% government-owned company, to support ULBs identify, prepare, implement and manage large-scale urban infrastructure projects. Involvement of JUIDCO at the first instance will support ULBs build requisite capacities to engage directly on project cycle management of large-scale urban projects in the medium-term.

The Bank has never had any state-level investment project in Jharkhand. However, it has engaged with the state through national-level projects including the National Ganga River Basin Project has a Jharkhand sub-component, which focuses on sewerage and waste water in one ULB-

Sahibganj. The state has engaged with JICA for developing sewerage infrastructure in Ranchi; currently the second phase of the project is under implementation.

Relationship to CAS/CPS/CPF

The FY 2013-2017 India Country Partnership Strategy (CPS) supports urban transformation and promote engagement in low-income states as the strategy to reduce poverty and share prosperity. The proposed Project is fully aligned with these two objectives. The State has around 1 million urban poor and around 8.5 million scheduled tribe (ST) population, of which 0.77 million people reside in urban areas, and are likely to benefit from services created under the Project. The Project will also improve the quality of life and livability in urban areas, thereby catalyzing further economic development in state.

JMDP is also closely aligned with India's development outlined in the Twelfth Plan (2012-17), which calls for faster, sustainable, and more inclusive growth, and the urban sector priorities of GoI that includes: (i) increasing investment in urban infrastructure; (ii) strengthening urban governance, institutional capacity, improve long-term urban planning for sustainable and inclusive urban development; (iii) improving environment sustainability; and (iv) improving financial sustainability of ULBs. The proposed JMDP will contribute to these objectives by strengthening the financial and administrative capacity of ULBs to plan, finance and deliver services in a sustainable manner.

Choice of financing instrument: The proposed lending instrument is an Investment Project Financing (IPF) for the following reasons: (i) this project is the first Bank engagement with Jharkhand in the urban sector; (ii) weak state and urban local body capacity requiring significant hand holding efforts; (iii) the project will finance investment of an environment category A.

C. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The Project Development Objective (PDO) is to improve urban service delivery and urban management capacity in participating ULBs.

Key Results (From PCN)

Achievement of the PDO(s) will be measured by the following outcome indicators: (i) Number of direct project beneficiaries in urban areas provided with access to improved water supply and improved sanitation (number), of which female (%) (Core Sector Indicator); (ii) Number of direct project beneficiaries in urban areas provided with access to improved roads and regular solid waste collection system (number), of which female (%) (Core Sector Indicator); and (iii) Increase in (%) of own source revenue of target ULBs i.e. resources managed by ULBs. Gender-related and citizen-engagement related intermediate indicators will be included in the Project results framework.

D. Concept Description

The proposed JMDP would be the first urban operation supported by the Bank in Jharkhand and will focus on improvement of municipal infrastructure in participating cities. Building on the long term experience of the Bank's urban projects in states of Tamil Nadu, Karnataka, Andhra Pradesh and Telangana, the Project will leverage the investment component to usher in capacity building at both state and local level in terms of planning, asset management and governance towards strengthening the overall urban sector in Jharkhand. Areas of support will be further refined

during project preparation. The proposed project is expected to comprise the following three components:

Component 1: Urban Infrastructure Improvement (Indicative Allocation: USD 175.0 million): The main objective of this component is to help participating ULBs improve urban infrastructure and municipal service delivery. The selection of participating ULBs will be based on an infrastructure gap analysis and fiduciary assessment. The selection of sub-projects will be based on technical, environmental, social and financial sustainability of the investments. This component will comprise three sub-components (i) Integrated urban development in one selected ULB, which will serve as a model city; (ii) Improvement of municipal infrastructure (including expansion of coverage, and construction and rehabilitation of basic infrastructure systems, e.g., water supply including consumer water meters in new networks, wastewater collection and treatment, storm drainage, lake conservation, roads, solid waste management, street lighting, and municipal buildings) in participating ULBs and (iii) O&M support to the ULBs. This component will focus on the 11 largest cities in Jharkhand. Seven of the cities are AMRUT supported cities and the Project will ensure convergence.

Component 2: Policy and Institutional Support (Indicative allocation: US\$20.0 million): Investments under this component aim to strengthen urban management in select ULBs and build capacities of identified state urban institutions towards achieving improved urban infrastructure service delivery. This component comprises (i) Municipal revenue enhancement and creditworthiness improvement; (ii) Strengthening municipal financial management; (iii) Improved planning and asset management practices: this activity will aim at building ULB capacities to help them manage their assets better especially focusing on new assets being created under the Project and (iv) Policy and institutional strengthening of state urban institutions.

Component 3. Project Management and Technical Support. (Indicative Allocation: US\$15.0 million): The component will finance technical and project management support for: (i) project management and implementation support to JUIDCO and ULBs; (ii) preparation of improved city plans, priority DPRs and relevant preparation and supervision activities; and (iii) incremental operating costs of JUIDCO, including equipment.

II. SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Jharkhand has a rich endowment of natural resources; forests, minerals and abundant land. With only 2.7 percent of the population of India, the state possesses approximately 33 percent of its mineral reserves, and is particularly rich in coal and iron ore. The Dhanbad-Jharia coal belt, the minerals of Giridih and the steel towns of Jamshedpur and Bokaro are among its national assets, 30 percent of the land in Jharkhand is under forest cover. Groundwater constitutes a major and widely used resource in Jharkhand for drinking and domestic purposes, in some cases over-exploitation has rendered several areas devoid of ground water in peak summer, resulting in drying up of dug wells and tube wells. Solid and Liquid Waste Management does not exist in most parts of rural Jharkhand. There are 11 wildlife sanctuaries and reserves and a high proportion of wetlands in Jharkhand.

Jharkhand has 43 urban local bodies (ULBs) with a total population of 5.26 million (2011 Census). They include six Municipal Corporations, nineteen Municipal Councils, fifteen Nagar Panchayats, two Notified Area Committees, and one Municipality. ULBs have the statutory responsibility to

provide civic and infrastructure services in areas under their jurisdiction. Jharkhand's major cities face vast challenges in managing urbanization and have so far been unable to meet the growing demands for infrastructure and services. This is evidenced by the increasing incidence of urban poverty, the development of slums, and low levels of access to water, sanitation, solid waste management and other services in urban areas. Infrastructure and services deficiencies act as a deterrent to private sector investments and creation of employment opportunities. The deteriorating environmental conditions pose serious risks to public health and quality of life.

The sub projects to be supported under the project are expected to be located in the small and medium towns and the capital city Ranchi. The project is expected to support the development of sustainable urban investments in areas under the mandate of ULBs such as water supply, solid waste management, wastewater management, drainage, roads and public amenities/buildings. The project may involve land acquisition and resettlement. Given the proposed framework approach, exact locations of infrastructure investments are not yet known.

Of the total population of Jharkhand of 33 million the share of Scheduled Castes is high at 12 percent and Scheduled Tribes at 26%. In order to protect the interests of the Scheduled tribes, the provision of Fifth Schedule is enshrined in the Constitution under article 244 (2). Out of 259 blocks in the state of Jharkhand, 112 fall under the Fifth Schedule areas (spread across 15 districts out of 24 districts⁴). Project interventions falling within such areas will be identified as part of the preparation; project level assessments will be undertaken to review potential impact vis-a-vis the Fifth Schedule, and necessary provisions will be made as part of mitigation measures. Scheduled Castes and Scheduled Tribes as groups having distinct social and cultural identity and being normally "excluded", special attention will be required to ensure their inclusion and equity. The project would also require to ensure participation of women in project supported activities.

B. Borrower's Institutional Capacity for Safeguard Policies

The primary implementing agency Jharkhand Urban Infrastructure Development Corporation is already an IA under the Bank financed National Ganga River Basin Project in Jharkhand, under which it has been implementing a wastewater management sub project in Sahebganj, and has developed some capacity in managing social and environmental impacts. The IA has some familiarity in reviewing Social and Environmental Assessments, preparing environmental status. However, given that the proposed project will cover many towns and will require substantial input for managing environment and social aspects, the capacity within JUIDCo and the ULBs needs to be augmented and aligned to the Bank requirements.

A project unit (including environmental and social experts) is being set up to facilitate the preparation and implementation of this project and based on experience of the National Ganga River Basin Project, will require additional support of external experts to facilitate the assessment both during preparation and then during operational phase for implementing the mitigation measures.

In terms of the safeguards instruments, this project will follow a hybrid approach. (i) An Environmental and Social Management Framework (ESMF) will be prepared to be applied to those works designed during the loan implementation. (ii) EIAs including EMPs will be prepared for those works under the retroactive financing part of the loan. These instruments will be prepared in accordance with the World Bank safeguards. The ESMF will also facilitate the decision making process if there is any change in terms of design demands changes in the EIAs and EMPs for the eligible works under the retroactive financing.

As part of the project preparation, JUIDCo recognizes the safeguard requirements of The World Bank is already hiring an external agency for preparing an ESMF, ESIA's and sub project level RAPS, EMPs, SC and ST inclusion Plan as applicable. However, will require support in capacity in operationalization the ESMF. The key aspect would be training and capacity building programs and establishing strong institutional arrangement for the safeguard management in the project.

C. Environmental and Social Safeguards Specialists on the Team

Marcelo Hector Acerbi (GEN04)

Sangeeta Kumari (GSU06)

D. POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>Significant infrastructure investments are expected under the project. The specific locations are unknown, although the nature of these investments would be largely construction and rehabilitation of basic infrastructure systems, e.g. water supply including consumer water meters in new networks, wastewater collection and treatment, storm drainage, roads, solid waste management, street lighting, municipal buildings and urban lake rejuvenation. The main direct impacts arising out of the following investments include (a) improper disposal of sludge and sewage (b) adverse impacts on water quality (c) improper siting and location of infrastructure (d) inadequate management of environmental issues and maintenance of the facilities created. The environmental assessment process needs to determine other indirect or cumulative impacts related to the combined effect of works during the construction and operation phases.</p> <p>The project hence has been categorized as 'Category A'. While the type and scale of the proposed interventions seems to be standard, the expected impacts and the measures to mitigate them are known, the local capacity to deliver an intensive environmental management with some critical baselines conditions suggests to raise the level of risk of this operation. Some environmental and social critical items involve: (i) heavy siltation in water bodies, (ii) encroachment and animal wallowing in water bodies, (iii) existing productive activities in a proposed site for solid waste management (iv) in some areas many of the water bodies/talabs have</p>

		<p>either dried up or face issues of heavy siltation and encroachment. There is no clarity in terms of (a) what the current water requirement is for different uses (b) net annual water availability and deficit in meeting requirements (b) geographical and hydrological data regarding the sources so a more holistic and sustainable approach can be applied. The combination of some of these conditions with heavily dense populated areas and multiple locations imposes a greater risk.</p> <p>In terms of the safeguards instruments, this project will follow a hybrid approach. (i) An Environmental and Social Management Framework (ESMF) will be prepared to be applied to those works designed during the loan implementation. (ii) EIAs including EMPs will be prepared for those works that are likely to be ready before appraisal stage. These instruments will be prepared in accordance with the World Bank safeguards. The ESMF will also facilitate the decision making process if there is any change in terms of design demands changes in the EIAs and EMPs for the eligible works under the retroactive financing</p>
Natural Habitats OP/BP 4.04	TBD	Based on the currently available information on subproject locations, no impacts are expected in natural habitats. The ESMF to be prepared for the project, will include screening criteria that identifies and avoids adverse impacts on natural habitats. If minimal impacts are envisaged the ESMF will include provisions to avoid any negative impacts so that activities can be designed reducing the environmental risks.
Forests OP/BP 4.36	TBD	No major impacts on forests are expected and the project will not affect existing forest management practices or health or quality of any forest. As far as possible, trees if any present in the sites for sub-project investments will be saved by careful site planning.
Pest Management OP 4.09	TBD	Some urban infrastructure rehabilitation works could require the use of pesticides. If there is a possibility of small amounts of pesticides being used as part of such rehabilitation-sanitation works, the ESMF will include measures for pest management. This will be ascertained at appraisal stage.
Physical Cultural Resources OP/BP 4.11	Yes	The State of Jharkhand has many historic, religious

		and natural resources. No major adverse impacts are expected to physical cultural properties, however these may be located within the immediate buffer zone of project financed investments, and hence a framework to address any adverse impacts will be developed as part of the ESMF. The issue will be carefully assessed during the preparation of EIAs and EMPs.
Indigenous Peoples OP/BP 4.10	Yes	The state has substantial share of Scheduled caste and Scheduled Tribe population. The ULBs likely to be supported under the project is also likely to have Scheduled tribe Population. The project would require to ensure consultation in the SC and ST dominated areas. Also project will require to develop mechanism for their inclusion through preparation of sub project level as applicable SC and ST Inclusion Plans and address any negative impacts of the project through a Resettlement Plans. Sub project specific SC and ST Inclusion Plan shall be disclosed for contracts to be awarded in the first year of the project along with ESMF and RAPs.
Involuntary Resettlement OP/ BP 4.12	Yes	The proposed infrastructure improvement activities under the project is likely to require land acquisition in certain cases and removal of encroachments resulting in loss of livelihood and involuntary resettlement. The ESMF shall be prepared to provide guidelines to screen the potential negative impacts and likely benefits of the project and preparation of ESIA and sub project specific RAPs and SC and ST inclusion Plan as applicable. Sub project specific RAPs shall also be prepared and disclosed for contracts to be awarded in the first year of the project along with ESMF.
Safety of Dams OP/BP 4.37	No	The Project will not finance the construction of new or rehabilitation of existing dams nor will the Project rely on the operation of existing dams. The water systems supported by the Project largely use wells and precipitation as primary water sources. Any type of dams would be ineligible under this project.
Projects on International Waterways OP/BP 7.50	TBD	The project investments in urban water supply, drainage and sanitation are located in a state which is on the main stem of the Ganges that is a shared, international basin. The project is not expected to create any adverse impacts from an international perspective or change in surface water flow in the main stem. During project preparation, applicability

		of this policy would be further ascertained based on a technical analysis.
Projects in Disputed Areas OP/ BP 7.60	No	This policy is not triggered because there are no interventions of the Project in Disputed Areas.

E. Safeguard Preparation Plan

1. Tentative target date for preparing the PAD Stage ISDS

15-Dec-2016

2. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the PAD-stage ISDS.

The hiring of an external agency to prepare a project level ESMF has been agreed with the project PMU. This will be applicable to all the sub- projects in compliance to the Bank Safeguards policies. All sub projects will be subjected to a screening criteria and ESIA and ESMPs will prepared for each sub-project (as applicable). For sub projects to be prepared by Appraisal to meet India's readiness criteria, ESIA's and ESMPs as applicable will also be prepared simultaneously, for these sub-projects. The estimated date for the completion of the safeguards documentation is December 2016. Safeguards documentation will comply with the consultation and disclosure required related to Category A Bank financed projects.

III. Contact point

World Bank

Contact: Vasudha Thawakar

Title: Urban Specialist

Contact: Shenhua Wang

Title: Sr Urban Spec.

Borrower/Client/Recipient

Name: Government of India

Contact: Raj Kumar

Title: Joint Secretary (MI), DEA

Email: jsmi-dea@nic.in

Implementing Agencies

Name: Urban Development and Housing Department, Government of Jharkhand

Contact: Arun Kumar Singh

Title: Principal Secretary

Email: ud.secy@gmail.com

IV. For more information contact:

The InfoShop

The World Bank

1818 H Street, NW

Washington, D.C. 20433

Telephone: (202) 458-4500

Fax: (202) 522-1500

Web: <http://www.worldbank.org/infoshop>

V. Approval

Task Team Leader(s):	Name: Vasudha Thawakar, Shenhua Wang	
<i>Approved By</i>		
Safeguards Advisor:	Name: Maged Mahmoud Hamed (SA)	Date: 12-Jul-2016
Practice Manager/ Manager:	Name: Peter D. Ellis (PMGR)	Date: 12-Jul-2016
Country Director:	Name: Onno Ruhl (CD)	Date: 13-Jul-2016

1 Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.