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INTEGRATED SAFEGUARDS DATA SHEET APPRAISAL STAGE

Report No.: ISDSA19490

Date ISDS Prepared/Updated: 27-Oct-2016

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I. BASIC INFORMATION

1. Basic Project Data

C	T., 11.		D ID.	D15520	2	
Country:	India		Project ID:	P15530		
Project Name:	Madhya Pradesh	Madhya Pradesh Urban Development Project (P155303)				
Task Team	Uri Raich					
Leader(s):						
Estimated	15-Nov-2016	15-Nov-2016 Estimated 14-Mar-2017				
Appraisal Date:		Board Date:				
Managing Unit:	GSU12		Lending	Investm	ent P	roject Financing
			Instrument:			
Is this project pr	ocessed under	OP 8.50 (Em	ergency Recov	very) or	OP	No
8.00 (Rapid Resp	onse to Crises	and Emerger	ncies)?			
Financing (In US	SD Million)					
Total Project Cos	t: 166.00	ŗ	Total Bank Fin	Financing: 116.00		
Financing Gap:	0.00					
Financing Sou	rce	·				Amount
Borrower						50.00
International Ba	nk for Reconstru	ction and Deve	lopment			116.00
Total						166.00
Environmental	A - Full Assessm	nent	•			
Category:						
Is this a	No					
Repeater						
project?						

2. Project Development Objective(s)

The project development objective (PDO) is to enhance the capacity of Madhya Pradesh Urban Development Company (MPUDC) to improve coverage of key urban services and increase the revenue of participating urban local bodies.

3. Project Description

The proposed MPUDP would be the first urban operation supported by the Bank in MP, but it builds on a long term experience of the Bank supporting municipal development funds in the States of Tamil Nadu and Karnataka. The proposed operation builds on such institutional design that has

proven successful in other States but builds in a series of lessons learned and specific requirements by MP. The proposed project is expected to comprise the following two components.

Component 1: Institutional Development Component (Cost: US\$26.5 million, Bank Loan: US\$ 18.3 million). This component will have two subcomponents:

- 1.1 Policy Reforms (Bank Loan: US\$9.3 million). This subcomponent will provide support to the implementation and sustainability of urban policy reforms in areas such as: (i) property tax; (ii) user charges; (iii) advertisement tax; (iv) accounting; (v) budgeting; and (vi) credit improvement.
- 1.2 Institutional Strengthening of MPUDC (Bank Loan: US\$9 million). This subcomponent will aim at: (i) strengthening institutional capacity of MPUDC to function as the nodal urban infrastructure implementation agency in MP; (ii) building project management capacities within MPUDC; and (iii) providing technical assistance to MPUDP to develop a regional urban and economic development plan and related investment proposals for the BISCO region.

Component 2: Urban Investments (Bank Loan: US\$97.4 million). This component will have two subcomponents:

- 2.1 Access to Finance for Urban Investments (Bank Loan: US\$92.9 million The main objective of this sub-component is to help participating ULBs improve urban services/infrastructure. It will do so by providing sub-loans and sub-grants to participating ULBs to support the development of sustainable urban investments in areas under the mandate of ULBs such as water supply, solid waste management, septage management, water waste management based on demand driven City Development/Vision Plans developed by ULBs. Selection of subprojects will be based on demand from ULBs, and will be assessed in accordance to technical, financial, social, and environmental screening criteria laid down in the Operations Manual.
- (b) Subcomponent 2.2: Credit Enhancement Facility (Bank Loan: US\$4.5 million). The credit enhancement subcomponent will create a reserve fund in GoMP (MPUDC) to provide credit enhancements to ULBs to help them leverage commercial finance. The Credit Enhancement Facility (CEF) will be 'demand-driven' and open to all ULBs in the state.

Component 3: Project Management

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

Madhya Pradesh (MP) is the second largest, fifth populous, and eighth most urbanized state in India. Although MP recorded a higher rate of urbanization compared to rural growth in the last decade, its urbanization rate is still below the national average but it is projected to catch-up in the next 15 years. At present, MP total urban population is of 20.1 million (28% of total population) concentrated in 476 urban centers as follows: Of the 14 municipal corporations, four (Indore, Bhopal, Jabalpur, and Gwalior) are million-plus cities. Access to water and sanitation is the biggest challenge for the urban population particularly the poor. Slum population is about 6. 4 million as per Census of India 2011.

While the institutional development component (Component 1) of MPUDP supports ULBs across the state, the urban investment component (Component 2) proposes to support development of water supply projects in 7 cities and sewerage infrastructure in about 18 cities of the state. Three sub-

projects in Khargaon, Burhanpur (water supply) and Chhindwara (Sewerage) will be implemented in the first year and sub-projects in the remaining cities are being developed for implementation in the subsequent years. Based on the environmental and social assessments carried out for first three sub-projects and screening of remaining project cities indicate that the water supply sub-projects involve sensitive water bodies such as River Tapti in Burhanpur, River Chambal in Morena, River Narmada, etc. and construction of intake structure in Crocodile Sanctuary in River Chambal for Morena water supply for project. Number of historic and religious structures are also located in many of the cities, which requires careful planning and implementation of project activities.

In addition, the proposed project will also have positive environmental and social impacts owing to benefits such as improved water supply, sanitation, wastewater management, in the project cities. The benefits are likely to be, in the form of saving time for collection of water, improved health and personal hygiene and improved quality of life. On the other hand, the project may also have some adverse social impacts related to displacement of people, especially the non-title holders and also involve some private land for the proposed infrastructure improvement interventions.

In Madhya Pradesh, the tribal population in urban areas is 14.5 percent(census 2011) and scattered all over the State. Some of the project Towns fall in the Scheduled V areas. However, the tribal people in urban areas do not explicit typical characteristics such as living as a group; speak separate language from dominant population, having separate institutions in close attachment to the forest etc.

5. Environmental and Social Safeguards Specialists

Harinath Sesha Appalarajugari (GEN06) Sangeeta Kumari (GSU06)

6. Safeguard Policies Triggered?		Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Projects such as water supply, sewerage, are likely to have negative impacts on the project communities, if not designed and implemented with consideration to the nature and significance of the environmental profile of the project area. The environment impacts in MPUDP, are also likely to be significant for water and wastewater treatment plants, as they may affect sensitive environmental features such as Rivers, Crocodile Sanctuary in Morena and cultural properties in some participating ULBs. Impacts of urban infrastructure projects are expected to be significant, during the construction phase in the urban areas, The project hence has been categorized as \triangleright (Category A \triangleright (and OP 4.01 has hence been triggered.
Natural Habitats OP/BP 4.04	Yes	The intake structure proposed for the water supply project in Morena city, is located in Crocodile Sanctuary in Chambal River and would require management measures to avoid impacts on crocodile habitat. The policy hence has been triggered. The environmental and social assessment to be carried out for the particular sub-project, will analyze the alternatives to avoid impacts on the

Forests OP/BP 4.36 Pest Management OP 4.09	No No	sanctuary and will recommend an appropriate natural habitat management plan along with the EMP for the subproject. Based on the current list of sub-projects, the project does not involve substantial conversion of forest areas and impacts on the forest resources. OP 4.36, hence has not been triggered. Project activities, are not expected to trigger the requirements of OP 4.09. The policy hence has not been
Physical Cultural Resources OP/BP 4.11	Yes	Based on the current information, the project activities are not expected to directly impact the cultural resources. However, some of the sub-projects are located in cities that have number of historic and cultural monuments. OP 4.11, hence has been triggered. Respective sub-project environmental and social assessments will carry out an analysis impacts on these structure will include suitable cultural properties management plans including EMP for the sub-project. Safeguard documents and the sub-project bid documents will also include, > (Chance find > (provisions.
Indigenous Peoples OP/BP 4.10	Yes	The scheduled Caste and Scheduled Tribes shall also be part of project beneficiary population. About all the potential sub projects are likely to have presence of scheduled tribes. The ESMF includes the Indigenous Peoples Management Framework. The IPMF provides the guidelines for identification of Indigenous People and preparation of Indigenous People Plan for the sub projects. The ESA for three sub projects carried out reveal that although STs are present in the respective towns the tribal people in urban areas do not exhibit typical characteristics such as living as a group; speak separate language from dominant population, having separate institutions in close attachment to the forest etc based on the identification process provided in the IPMF. Results of the identification process and Consultations have been provided in a separate chapter in the ESA. No separate IPP is prepared for the first three sub projects.
Involuntary Resettlement OP/BP 4.12	Yes	The project is anticipated to have some adverse impacts related to displacement of people, especially the non-title holders and also involve some private land acquisition for the proposed infrastructure improvement interventions. The Resettlement Policy framework in ESMF outlines the process of sub project screening, assessment of impacts,

		entitlement framework for management of R&R etc. The respective sub projects are required to prepare RAPs as applicable to manage resettlement and Rehabilitation owing to land take. However, as per the draft ESAs of first three subprojects the investments shall be carried out on available land and will not lead to any permanent displacement. The temporary disruption to income activities and any damage to roadside properties during excavation works for laying pipes shall be managed as per ESMP provided in the ESA report.
Safety of Dams OP/BP 4.37	No	Some of the water supply sub-projects, in Khargaon and Burhanpur involve construction of minor storage structures of about 4-6 m height on Rivers. As per OP4.37, these structures, can be categorized as new small dams below 15 m height. The DPRs and respective EMPs for this sub-projects shall incorporate generic dam safety measures as required by OP 4.37. Hence, the policy is not triggered.
Projects on International Waterways OP/BP 7.50	No	Project activities do not involve and are not located in International waterways. OP 7.50, hence has not been triggered.
Projects in Disputed Areas OP/BP 7.60	No	Project activities are not located in disputed areas. OP 7.60, hence has not been triggered.

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

Environmental Safeguard Issues:

Some of the sub-projects activities, especially intake structures for water supply projects are located on environmentally sensitive locations such as River Tapti in Burhanpur, River Chambal in Morena and River Narmada, etc. These sub-projects are likely to cause significant water quality impacts during construction and the River Ecology during operation phase. In addition, the intake structure for water supply project in Morena city is likely to impact the Crocodile Sanctuary in River Chambal, both during construction and operation phase. Number of religious and historic monuments are located in many of the 25 project cities identified for the sub-projects. Detailed design and implementation of the sub-projects in these cities would require careful finalization of designs and execution during the construction phase of the respective sub-projects. Considering the urban nature of the project cities, impacts such as construction site management, safety of neighboring communities and construction workers, impacts on various utilities, temporary traffic diversions, temporary air and noise impacts are also expected during construction phase of the sub-projects. The environmental and social assessments carried out for the three first year subprojects assesses the impacts in the respective sub-project and includes specific EMP to address these impacts. In addition, the ESMF prepared for MPUDP provides for carrying out environmental assessments to address all the environmental impacts of the sub-projects and development of specific environmental management plans. All sub-project ESAs will be shared

with the Bank for review and clearance.

Social Issues:

No large scale land acquisition or R&R is expected under the project so far. All the sub projects shall be subjected to screening for impacts. All Sub projects RAPs and IPPs shall be shared with World Bank for necessary review and clearance. The ESAs for the first three sub projects do not require any land acquisition or permanent displacement. The temporary loss to income and any damage to roadside properties identified during excavation works and laying of pipes shall be compensated/restored as per ESMP.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

Environmental Impacts:

The indirect environmental impacts of MPUDP sub-projects could include increased generation of wastewater in cities where water supply sub-projects are implemented. The other indirect impacts of the project, include discharge of partially treated wastewater from the treatment plants and /or improper maintenance of wastewater infrastructure. Indirect impacts are also expected due to the inadequate operation and maintenance of water treatment plants, pumping stations, booster stations and water/wastewater network In order to address these impacts, action plans will be agreed with the respective project cities during the sub-project preparation, to ensure treatment and disposal of increased wastewater generated in the project cities. Similarly, clear O&M plans and budgets will also be agreed with the respective project cities during the preparation of wastewater sub-projects. These principles have been incorporated in the ESMF for the MPUDP, to ensure the implementation by MPUDC.

Social Impacts:

Improved water supply and sanitation in the participating cities shall result in positive benefits in the long term.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

While the provision of urban infrastructure and improving service levels is the primary objective of MPUDP, the principle of alternatives has been embedded in the ESMF developed for the project. Each sub-project during the design phase will analyze alternatives for locating various facilities such as treatment plans, pumping stations for the sub-projects and also in finalizing alignment of transmission lines and distribution networks. These have been analyzed in the three sub-projects that have been appraised for the implementation in the first year of the project. In case of Khargaon water supply project, based on the analysis of alternatives, the existing water treatment plant is being refurbished, so that the capacity of new treatment plant is optimized. Similarly, in Chhindwara Sewerage sub-project, centralized sewerage system for the main city and decentralized sewerage system peripheral areas is being proposed. Similar approach will be followed for other sub-projects that will be developed in future.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

MPUDP is likely to implement sub-projects, which could involve complex environmental issues such as avoiding impacts on crocodile sanctuary, historic and religious structures and construction safety issues in densely populated urban areas. The sub projects could also involve some land acquisition, damage to roadside structures and loss of income. MPUDC with its Project Implementation Units (PIU) at various parts of the state, will be responsible for the preparation of

sub project specific safeguard management plans and its implementation. The Project Management Unit (PMU) at MPUDC headquarters supported by a team of Project Management Consultants (PMC) will be monitoring the implementation of sub-projects. All these agencies (PMU, PMC and PIU) will be staffed qualified environmental engineers / specialists and social scientists/specialists to ensure implementation of safeguard management plans. Their capacity will be strengthened with regular training and orientation programs during implementation. While a dedicated environmental engineer and social specialists are already on board, the safeguard specialists for the PMC and at the PIUs will be on board prior to negotiations for MPUDP.

In addition to the above institutional arrangements, the borrower has prepared an ESMF for the project and have also prepared Environmental and Social Assessments (ESAs) for the three subprojects (Burhanpur, Khargaon water supply and Chhindwara sewerage), which have been reviewed and cleared by the Bank. These ESAS will be verified based on the final design of the Design Review, Build and Operate (DRBO) Contractor and the respective ESMPs will be updated to address the impacts due to the design changes (if any). In addition to addressing the issues that may arise from various urban investment sub-projects, the ESMF will also be applicable for all the technical assistance including BISCO activities and also the credit enhancement sub-component of MPUDP.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders for the project include the people of participating cities, the respective urban local bodies, the Department of Municipal Administration and Environment Department, MPUDC, state government agencies, other local NGOs and people directly / indirectly affected by the sub-projects. Multi-stakeholder meetings for the three sub-projects at the ULB level have been conducted on July 12, 2016, to share the draft ESMF and respective ESAs. A state-level consultation of the revised ESMF was undertaken on September 07, 2016 in Bhopal. The minutes of these consultations have been attached to the respective final reports.

The draft ESMF and ESAs for the first year sub-projects have been disclosed locally by MPUDC at http://www.mpudc.co.in/esmf.html on July 18 and July 19 respectively. These draft reports have also been disclosed at the Bank (s infoshop on July 19, 2016. These draft reports were finalized based on the inputs from stake holders and the Bank. The final reports were re-disclosed locally by MPUDC, including the executive summary in local language (Hindi), on October 19, 2016 at the following locations.

ESMF Volume-I: http://mpudc.co.in/files/MPUDP-ESMF-Volume-I_1f92423z.pdf ESMF Volume-II: http://mpudc.co.in/files/MPUDP-ESMF-Volume-II_1f92423z.pdf ESMF Summary: http://mpudc.co.in/files/MPUDP-ESMF-Executive-Summary-Hindi_1f92423z.pdf

ESA Burhanpur: http://mpudc.co.in/files/ESA-Burhanpur_1f92423z.pdf ESA Chhindwara: http://mpudc.co.in/files/ESA-Chhindwara_1f92423zpdf ESA Khargone: http://mpudc.co.in/files/ESA-Khargone_54079ye3.pdf>.

The final reports were re-disclosed at Bank►(s infoshop on October 21, 2016.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other				
Date of receipt by the Bank 20-Oct-2016				
Date of submission to InfoShop 21-Oct-2016				

	A projects, date of distributing the Executive the EA to the Executive Directors	20-Jul-2016		
"In country" D	isclosure			
India		19-Oct-2016		
Comments:	"In country" Disclosure : July 18 (ESMF) and July 1 Re-disclosure of final reports: October 19, 2016	9 (subproject ESAs)		
Resettlement	t Action Plan/Framework/Policy Process			
Date of recei	pt by the Bank	20-Oct-2016		
Date of subm	nission to InfoShop	21-Oct-2016		
"In country" D	isclosure			
India		19-Oct-2016		
	Re-disclosure of final reports: October 19, 2016 The Resettlement Policy framework in ESMF outline screening, assessment of impacts, entitlement framework. Hence, ESMF has been disclosed under OP 4.12 ESAs of first three subprojects the investments shall and will not lead to R&R. Hence, no RAP has been part 4.12. The temporary disruption to income activities of the managed as per ESMP provided in the ESA report	work for management of R&R . However, as per the draft be carried out on available land brepared and disclosed under OP during construction phase shall		
Indigenous I	Peoples Development Plan/Framework			
Date of recei	pt by the Bank	20-Oct-2016		
Date of subm	nission to InfoShop	21-Oct-2016		
"In country" D	isclosure			
India		19-Oct-2016		
Comments:	"In country" Disclosure: July 18 (ESMF) and July 1 Re-disclosure of final reports: October 19, 2016 The ESMF includes the Indigenous Peoples manager three sub project towns carried out so far reveal that respective sub project area do not exhibit typical chapeople. Results of the identification process and Corof IPMF have been provided in a separate chapter in is prepared. The ESMF and respective sub-project ESOP 4.10.	ment Framework. The ESA for the tribal people in the racteristics of Indigenous isultations as per the guidelines the ESA. Hence no separate IPP		
	triggers the Pest Management and/or Physical Cul nes are to be addressed and disclosed as part of the P.	<u>-</u>		
If in-country	disclosure of any of the above documents is not exp	ected, please explain why:		
n/a				

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment					
Does the project require a stand-alone EA (including EMP)	Yes [×]	No []	NA []
report?					

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [×]	No []	NA[]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [×]	No []	NA[]
OP/BP 4.04 - Natural Habitats			
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes []	No [×]	NA[]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes []	No [×]	NA[]
OP/BP 4.11 - Physical Cultural Resources			
Does the EA include adequate measures related to cultural property?	Yes [×]	No []	NA[]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [×]	No []	NA[]
OP/BP 4.10 - Indigenous Peoples			
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [×]	No []	NA[]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [×]	No []	NA[]
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?	Yes []	No []	NA[×]
OP/BP 4.12 - Involuntary Resettlement			
Has a resettlement plan/abbreviated plan/policy framework/ process framework (as appropriate) been prepared?	Yes [×]	No []	NA[]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [×]	No []	NA[]
Is physical displacement/relocation expected?	Yes []	No [×]	TBD[]
Provided estimated number of people to be affected			
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)	Yes []	No [×]	TBD[]
Provided estimated number of people to be affected			
The World Bank Policy on Disclosure of Information			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [×]	No []	NA[]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [×]	No []	NA[]

All Safeguard Policies					
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [×]	No []	NA []
Have costs related to safeguard policy measures been included in the project cost?	Yes [×]	No []	NA []
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [×]	No []	NA []
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [×]	No []	NA []

III. APPROVALS

Task Team Leader(s):	sk Team Leader(s): Name: Uri Raich				
Approved By					
Safeguards Advisor:	Name: Takeaki Sato (SA)	Date: 04-Nov-2016			
Practice Manager/	Name: Ming Zhang (PMGR)	Date: 06-Nov-2016			
Manager:					