

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC13628

Date ISDS Prepared/Updated: 28-Jun-2015

Date ISDS Approved/Disclosed: 06-Jul-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	India	Project ID:	P155303
Project Name:	Madhya Pradesh Urban Development Project (P155303)		
Task Team Leader(s):	Uri Raich,Abhijit Sankar Ray		
Estimated Appraisal Date:	01-Dec-2015	Estimated Board Date:	20-Apr-2016
Managing Unit:	GSU12	Lending Instrument:	Investment Project Financing
Sector(s):	General water, sanitation and flood protection sector (25%), Solid waste management (25%), Sub-national government administration (5 0%)		
Theme(s):	Municipal finance (15%), Municipal governance and institution building (50%), City-wide Infrastructure and Service Delivery (35%)		
Financing (In USD Million)			
Total Project Cost:	166.00	Total Bank Financing:	116.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			50.00
International Bank for Reconstruction and Development			116.00
Total			166.00
Environmental Category:	A - Full Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The development objective of the proposed MPUDP project is to enhance the capacity of the relevant State-level institutions to support ULBs in developing and financing urban infrastructure.

C. 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 three components.

Component 1: Institutional Development Component (Bank financing US\$ 15 million). This component will comprise the following three subcomponents:

1.1 Policy reform (Bank financing US\$ 10 million): This subcomponent will provide support to the implementation and sustainability of urban policy reforms in areas such as: (i) expansion of municipal e-governance system to all ULBs; (ii) municipal accounting; (iii) municipal budgeting; and (iv) enhancement of own-source revenues of ULBs.

1.2. Support to MPUDC and ULB (Bank financing US\$1.5 million): This subcomponent will provide (i) capacity building support to MPUDC for strengthening their overall systems and operational procedures, and improving their implementation capacities for development and implementation of urban infrastructure projects; and (ii) capacity building support to ULBs for preparing, implementing and operating technically and financially sound projects in ULBs, including environmental and social mitigation actions, contract supervision, and Public Private Partnerships.

1.3 Project management (Bank financing US\$ 3.5 million): This subcomponent will support project management activities (i.e. provision of necessary office equipment, funding of incremental operating costs, etc.) of the three implementing agencies namely, MPUDC, Directorate of Municipal Administration (DMA) in charge of implementing the institutional development and policy reform activities, and the unit in charge of the preparation of the Bhopal-Indore Super corridor (BISCO).

Component 2: Urban Investment Component (Bank financing US\$ 97.5 million). This component will comprise the following two subcomponents:

2.1 Access to finance for urban investments (Bank financing US\$ 93 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, water waste management and urban roads and public transport, based on demand driven City Development/Vision Plans developed by ULBs. The selection of participating ULBs will be based on an assessment of the technical, environmental, social and financial sustainability of the investments as per criteria that will be established by MPUDC.

2.2 Credit Enhancement (Bank financing \$ 4.5 million): Experience shows that successful financial intermediaries should be developed as interim instruments to prepare subnational governments to access credit markets directly. As such state and central government have expressed strong demand to include this subcomponent. This sub-component will channel increased financial resources for investment in urban sector projects by leveraging Bank funds. Thus, MPUIF's role will be expanded to include credit enhancement support through instruments-such as debt service reserve funds, partial risk support, bond insurance and subordinated debt instruments which would assist the overall objective of providing sustainable access to the capital markets and commercial financing to ULBs.

Component 3: Bhopal-Indore Super Corridor (BISCO) Component (Bank financing US\$3.5 million): The objective of this component is to support the preparation of BISCO. It will do so by providing

technical assistance and consulting services to develop the regional/urban plan for the Bhopal-Indore corridor and any other relevant studies to be undertaken as part of the BISCO development.

D. 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.

The sub projects to be supported under the project are expected to be located in the small and medium towns for Madhya Pradesh. 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 and urban transport, based on demand driven City Development Plans developed by ULBs.

The proposed project will have positive environmental and social impacts owing to benefits such as improved water supply, sanitation, wastewater management, safe disposal of rain water, improved waste collection and disposal practices, and improved road/public transport facilities and other infrastructure improvements in the cities. The benefits are likely to be in the form of saving time for collection of water, improved health and personal hygiene, better mobility 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.

E. Borrowers Institutional Capacity for Safeguard Policies

The Bank has never had an investment project in the urban sector in MP but has engaged with the state on other sectors including governance (Citizen Access to Responsive Services Project) and education (Higher Education Quality Improvement Project). The institutional capacity for safeguard policies both for MUPUDC and the Urban Local bodies is low. However, the state has prior experience of engaging with Asian Development Bank urban infrastructure projects and has experience of managing safeguards management issues with multilateral agencies. As part of the project preparation, MPUDC is already preparing an ESMF and Operational Manual for projects statewide and recognizes the safeguard requirements of The World Bank. However, the agency would require support in developing these safeguard management instruments and in building its capacity in operationalization of Manual and ESMF The key aspect being training and capacity building programs and establishing strong institutional arrangement for the safeguard management in the project.

F. Environmental and Social Safeguards Specialists on the Team

Harinath Sesha Appalarajugari (GENDR)

Sangeeta Kumari (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project such as water supply, sewerage, solid waste management, road improvements are likely to have negative impacts on the project communities if the sub-projects are not designed and implemented with consideration to the nature and significance of the environmental profile of the project area. The environment impacts are also likely significant for water and wastewater treatment plants and solid waste landfill sub-projects, as they may affect sensitive environmental features in some participating ULBs. Impacts of sewerage and water supply sub-project are also expected to be significant, during the construction phase in the urban areas, The project hence has been categorized as 'Category A' and OP 4.01 has hence been triggered.
Natural Habitats OP/BP 4.04	No	Based on the currently available information on sub-project locations, no impacts are expected on the natural habitats. The policy hence has not been triggered. The ESMF to be prepared for the project, will include screening criteria that identifies and avoids impacts on natural habitats.
Forests OP/BP 4.36	No	Based on the current list of activities being considered, the project does not involve substantial conversion of forest areas and impacts on the forest resources.
Pest Management OP 4.09	No	Project activities, are not expected to trigger the requirements of OP 4.09.
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, since some of the sub-projects could impact cultural properties. OP 4.11 has been triggered.
Indigenous Peoples OP/BP 4.10	TBD	
Involuntary Resettlement OP/ BP 4.12	Yes	The project will 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.
Safety of Dams OP/BP 4.37	No	Project activities do not involve construction of dams and / or dependent on dams.
Projects on International Waterways OP/BP 7.50	No	Project activities do not involve / located in International waterways.

Projects in Disputed Areas OP/ BP 7.60	No	Project activities are not located in disputed areas.
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III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 21-Dec-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed.
The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

An ESMF and Operational Manual is already under preparation by MPUDC that will be applicable to all the sub- projects. A review and gap Assessment of these instruments will be carried out during the project preparation and necessary additional provisions, 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.

IV. APPROVALS

Task Team Leader(s):	Name: Uri Raich,Abhijit Sankar Ray	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Maged Mahmoud Hamed (SA)	Date: 05-Jul-2015
Practice Manager/ Manager:	Name: Ming Zhang (PMGR)	Date: 06-Jul-2015

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.