

Integrated Safeguards Data Sheet (ISDS)	
Section I – Basic Information	
Date ISDS Prepared/Updated: March 1, 2005	Report No.:AC567
A. Basic Project Data	
A.1. Project Statistics	
Country: India	Project ID: P078832
Project: Karnataka: Rural Service Delivery and Local Government Support Project	TTL: Luis Constantino
Total project cost (by component):	
Appraisal Date: March 15, 2005	Loan/Credit amount(\$m): IDA: 150
Board Date: May 19, 2005	
Other financing amounts by source:	Borrower: \$10m); Panchayat (\$10m)
Managing Unit: SASRD	Sector: Sub-national government administration (80%);Other social services (20%)
Lending Instruments: Specific Investment Loan	
Is this project processed under OP 8.50 (Emergency recovery? Yes? [] No? [X])	
Environmental Category: B	Safeguard Classification:S2
A.2. Project Objectives	
<p>The project's development objective is to improve the capacity of rural governments to manage public resources for the benefit of the rural poor. This would be accomplished through a two pronged approach:</p>	
<p>(i) Capacity building at the level of the state, the gram panchayats, and constituents</p> <ul style="list-style-type: none"> • At the <u>state</u> level, increase the capacity to manage the process of decentralization and monitor local governments. • At the <u>gram panchayat</u> level, improve the process of planning, budgeting and expenditure management, information systems, and participatory and consultative decision making. • At the <u>community</u> level, support public education and capacity building to build awareness and confidence at the community level and capacity to effectively participate in planning and budgeting. 	
<p>(ii) Untied grants to Gram Panchayats</p>	
A.3. Project Description	
<p>The proposed instrument is a programmatic loan in the form of a Sector Investment Credit (SIC) through which IDA would pool funds with the state government. The SIC would finance a time, expenditure and geographical slice of the GoK's program. IDA would rely on GoKs own rules and procedures to implement the program including for financial management, reporting and auditing. Special provisions on environmental safeguards would be introduced until an Environmental Framework for Panchayats is put in place as one of the outputs of the proposed operation.</p>	

The project components would be:

(A) Untied grants to Gram Panchayats. The project would finance block grants to Gram Panchayats. To be eligible for the grants GPs would have to put in place the new Financial Management and Accounting System prepared by the state, implement the new planning guidelines, and hold regular Gram Sabha meetings with open participation. All the Gram Panchayats would be eligible for the block grants. These would be disbursed according to a formula taking into account area (a proxy for costs of service provision) of the Gram Panchayat, population (a proxy for needs), proportion of scheduled caste and scheduled tribe population (a proxy for poverty), and own revenue effort

(B) Information Systems for Constituents. This component would increase the ability of rural people to voice their demands on local governments and elicit responses from them, in particular for the poorest and excluded people such as women, scheduled castes and scheduled tribes. Karnataka has a large number of community organizations such as women self help groups, watershed associations, drinking water committees, and others. The component would build on this strength by providing further support to such groups or by assisting new groups to be formed. Specifically it would include:

- Mobile units to train and inform constituents on roles and responsibilities of GPs;
- Information on service delivery performance at the village level; and
- Capacity building of organizations of the poor (SHGs, CBOs, NGOs) to enable them to participate in the new *Panchayat* planning process, voice their demands from government, and access services and programs, including GoI anti-poverty programs.

(C) Building the capacity of *Panchayats*. This component would increase the capacity of all three levels of Panchayats in managing resources, collecting revenues and delivering services. In total about 5500 local governments and 100,000 elected representatives would benefit. Specifically it would include:

- *Creation of GP resource cells at the Taluk level* The resource cells would be staffed with at least three experts: chartered accountant, junior engineer, and social mobilization. Where not yet in place, these would be recruited from government or outsourced. Their role would be to assist GPs on demand, namely on participatory planning and budgeting as per new state guidelines, financial management, and technical aspects of infrastructure projects. These cells would also assist GPs in implementing GoI centrally sponsored anti-poverty schemes, state anti-poverty and vulnerable group schemes, and with the management of the environmental framework for GPs.
- *Service delivery monitoring system.* This activity would support the Planning Unit of District Panchayats in administering an annual survey of service delivery standards at the GP level. The survey would be done by the GP under guidance and supervision from the District and would monitor service delivery issues and outcomes including health profile of the population, HIV incidence, student and teacher attendance, drinking water and sanitation coverage, and others.
- *Training programs for Panchayats through the State Institute of Rural Development.* These activities would consist of distance and face-to-face learning for Panchayat members and staff, MLAs and line agency functionaries at the Panchayat level. Topics to be covered would include duties and responsibilities of Panchayats, legal matters, financial management, planning, consultative decision-making, education,

health, HIV, environment, watershed management, water and sanitation, and others.

- *Computerized financial management system for GPs.* These activities would help implement many of the recommendations of the State Public Financial Accountability Assessment (SFAA), namely by putting in place a new financial management system (accounting, reporting, auditing) for GPs; this would also include computerization of all GPs and development of relevant software, and IT training.
- *Environmental framework for Panchayats.* This activity would consist of the design and implementation of an environmental framework for the three tiers of rural local governments, environmental audits, and district environment profiles to support district planning.

(D) Building the capacity of the state. This activity would put in place systems at the state level to enable it to oversee, facilitate and manage the Panchayat system. Specifically it would include:

- *Decentralization Analysis Cell (DAC).* A cell would be created in the Finance Department to release funds to GPs, monitor fiscal flows, own revenues and service delivery, carry out policy analysis including design of formulas for transfers, advise the state on fiscal matters pertaining to *Panchayats* and; support State Finance Commissions when these are operating.
- *Panchayat monitoring system at state level.* This activity would put in place a comprehensive system for collecting and compiling *Panchayat* fiscal and service delivery data.
- *Policy support.* Special studies and technical assistance on matters such as own revenues, expenditure assignments, service delivery, etc.
- *Strengthening of the State Institute for Rural Development.* This activity would finance equipment for the ANSSIRD campus in Mysore and the creation of ANSSIRD training centers at the *taluk* level equipped with audio-visuals;
- *Restructuring of line agencies.* This component would provide technical assistance to state line agencies for their institutional restructuring towards new roles in a decentralized service delivery framework.

Potential risks and mitigation:

The main risk is political opposition to changing transfers and consolidating schemes towards a more equalizing, transparent and monitorable system. This risk is mitigated by targeting reforms first towards GP grants that are given equally to each GP rather than towards schemes that serve primarily political interests. A second risk is quick turnaround of local government and state staff that would limit the impacts of capacity building programs. This risk would be mitigated by obtaining up front agreements from state and local governments regarding staff permanence. The third is a risk of misappropriation and misuse of public funds. The project would address this weakness head-on by giving priority to improving financial management and transparency of local governments. The project could threaten the interests of line agencies, local contractors or even local politicians due to a decline in their roles and increased accountability and transparency and some opposition from these stakeholders might be expected.

The State of Karnataka has been one of the front runners on decentralization and is currently implementing successful capacity building programs for local governments. It has also shown success in promoting women self-help groups. In India Karnataka is also known for the higher

than average capacity of its public administration.

A.4. Project Location and salient physical characteristics relevant to the safeguard analysis:

Social safeguards

Indigenous Peoples

The project will be active in areas which feature population groups that exhibit characteristics laid out in OD 4.20 to identify Indigenous Peoples and hence this policy is triggered. Although these populations would be the main beneficiaries of this project being resident in Karnataka's poorer Panchayat districts, a brief section of the PAD would be devoted to addressing some of the specific development issues of these populations, which is a requirement of OD 4.20. This section would contain a brief development plan to further enhance the participation of such populations in the project.

The populations which would qualify under OD 4.20 would include all Scheduled Tribes as well as other groups who fulfill the OD criteria for Indigenous Peoples. Some of these may belong to the Scheduled Castes, Other Backward Classes and the Backward Castes. It will also include other vulnerable groups who may not fall into any of these Government categories but fulfill the criteria of Indigenous Peoples as per OD 4.20.

The main objectives and the principles of OD 4.20 would be achieved in 4 important ways, 3 of which have been built into the design of the project (a – c).

(a) The building of financial capacity is across the entire State and will cover all Panchayats, including those with populations who qualify as indigenous peoples (IPs). This will enable IPs to acquire the financial capacities that were previously the domain of populations that would not qualify as IPs.

(b) The main tenets of OD 4.20 will be disseminated as part of the capacity building/ training of rural government staff across Karnataka in order that the project would be better able to address specific indigenous peoples issues. The project will ensure that the inclusion and participation of IPs is upheld at all stages of the project.

(c) The untied grant component of the project will ensure preference of IPs, by virtue of their specific vulnerabilities, to participate in the small sub-projects in its decision-making, implementation and sharing of benefits.

(d) The Government of Karnataka's commitment to improving the STs of the State by the passing the Panchayat Act in the Legislative Assembly and by implementing special programs targeted at the SCs and STs (the Department of Social Welfare) will help further the objectives of the Bank's OD 4.20.

Land contribution

Many villages may not have sufficient Panchayat-owned lands to carry out sub-projects. Small plots of private land may be required for certain small infrastructure sub-projects such as check dams, culverts, bore wells, pump houses and drains. These lands may be acquired through voluntary donations or purchase, provided they are legally available, litigation free and under the legal guidelines of the State of Karnataka.

Social inclusion

The untied grant component of the project will support multiple small investments / sub-projects and it is expected that these small investments will ensure the participation and support of women, the elderly and the physically challenged by setting aside sums that would be accessed by these vulnerable groups. These sub-projects shall further not exclude individuals on the basis of caste, tribe, ethnicity, language, religion, marital status or political affiliation.

Forced labor

Children (persons under the age of 14) and bonded workers may not be employed in these sub-projects. Rather the investments will strive to improve the infrastructural conditions for the education of children and adults wherever possible. The District and local Panchayats would be responsible for monitoring forced labor in sub-projects.

Environment safeguards

B. Check Environmental Category A , B , C , FI

Comments:

C. Safeguard Policies Triggered

	Yes	No
<u>Environmental Assessment</u> (OP/BP/GP 4.01)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Natural Habitats</u> (OP/BP 4.04)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Pest Management</u> (OP 4.09)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Cultural Property</u> (draft OP 4.11 - OPN 11.03-)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Involuntary Resettlement</u> (OP/BP 4.12)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Indigenous Peoples</u> (OD 4.20)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Forests</u> (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Safety of Dams</u> (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Projects in Disputed Areas</u> (OP/BP/GP 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Projects on International Waterways</u> (OP/BP/GP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

Section II – Key Safeguard Issues and Their Management

D. Summary of Key Safeguard Issues.

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

The project is not expected to have any adverse safeguards related impacts. The size of sub-projects on infrastructure are very small and will be implemented in areas which feature very poor and vulnerable groups. All arising impacts are expected to be beneficial to these groups.

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

The project is expected, over the long term, to have an overall positive development impact by making the Local Governments efficient in their financial work such as record keeping, accounting, etc. Moreover, the process of capacity building will extend to building environment and social awareness among the local governments. This knowledge can be expected to be disseminated by them among local village populations leading to better environment and social management.

D.3. Describe the treatment of alternatives (if relevant)

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

The borrower has shown progress in building overall environment and social safeguards capacity, among others, in the Second Karnataka Rural Water Supply and Sanitation Project particularly in environment assessment and in developing the Indigenous Peoples Development Plan. This project will take these capacities forward by integrating these capacities and knowledge among local government officials.

D.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 are the local government officials (elected representatives and government appointed officials), the people resident in the Panchayat villages, and the Government of Karnataka (particularly the Rural Development and Social Welfare Departments). The project will disclose the safeguard policies as part of the capacity building component of the project by including them in the content of the training courses that local government officials will undertake. The local government officials will be expected to disclose the safeguard policies to their constituents prior to disbursing grants for infrastructure development. It is further expected that the implementation of these policies in sub-projects would be regularly monitored by the District and Local Panchayat Officials.

F. Disclosure Requirements Date		
<i>Environmental Assessment/Audit/Management Plan/Other:</i>		
Date of receipt by the Bank	09/01/04...	or Not Applicable
Date of “in-country” disclosure	09/01/04...	or Not Applicable
Date of submission to InfoShop	12/07/04...	or Not Applicable
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	.../.../...	or Not Applicable
<i>Resettlement Action Plan/Framework/Policy Process:</i>		
Date of receipt by the Bank	.../.../...	or Not Applicable
Date of “in-country” disclosure	.../.../...	or Not Applicable
Date of submission to InfoShop	.../.../...	or Not Applicable
<i>Indigenous Peoples Development Plan/Framework:</i>		
Date of receipt by the Bank	.../.../...	or Not Applicable
Date of “in-country” disclosure	.../.../...	or Not Applicable
Date of submission to InfoShop	.../.../...	or Not Applicable
<i>Pest Management Plan:</i>		
Date of receipt by the Bank	.../.../...	or Not Applicable
Date of “in-country” disclosure	.../.../...	or Not Applicable
Date of submission to InfoShop	.../.../...	or Not Applicable
<i>Dam Safety Management Plan:</i>		
Date of receipt by the Bank	.../.../...	or Not Applicable
Date of “in-country” disclosure	.../.../...	or Not Applicable
Date of submission to InfoShop	.../.../...	or Not Applicable
If in-country disclosure of any of the above documents is not expected, please explain why.		
Section III – Compliance Monitoring Indicators at the Corporate Level (To be filled in when the ISDS is finalized by the project decision meeting)		
<i>OP/BP 4.01 - Environment Assessment:</i>		
Does the project require a stand-alone EA (including EMP) report?	<u>Yes</u> X	<u>No</u>
If yes, then did the Regional Environment Unit review and approve the EA report?		X
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?		
<i>OP/BP 4.04 - Natural Habitats:</i>		
Would the project result in any significant conversion or degradation of critical natural habitats?	<u>Yes</u>	<u>No</u> X
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?		
<i>OP 4.09 - Pest Management:</i>		
Does the EA adequately address the pest management issues?	<u>Yes</u> X	<u>No</u>
Is a separate PMP required?		X
If yes, are PMP requirements included in project design?		
<i>Draft OP 4.11 (OPN 11.03) - Cultural Property:</i>		
Does the EA include adequate measures?	<u>Yes</u> X	<u>No</u>
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on physical cultural resources?	X	
<i>OD 4.20 - Indigenous Peoples:</i>		
	<u>Yes</u>	<u>No</u>

Has a separate indigenous people development plan been prepared in consultation with the Indigenous People?		X
If yes, then did the Regional Social Development Unit review and approve the plan?		
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit?	X	
<i>OP/BP 4.12 - Involuntary Resettlement:</i>	<u>Yes</u>	<u>No</u>
Has a resettlement action plan, policy framework or policy process been prepared?		X
If yes, then did the Regional Social Development Unit review and approve the plan / policy framework / policy process?		
<i>OP/BP 4.36 – Forests:</i>	<u>Yes</u>	<u>No</u>
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?		X
Does the project design include satisfactory measures to overcome these constraints?		
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?		
<i>OP/BP 4.37 - Safety of Dams:</i>	<u>Yes</u>	<u>No</u>
Have dam safety plans been prepared?		X
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?		
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?		
<i>OP 7.50 - Projects on International Waterways:</i>	<u>Yes</u>	<u>No</u>
Have the other riparians been notified of the project?		X
If the project falls under one of the exceptions to the notification requirement, then has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?		
What are the reasons for the exception? Please explain:		
Has the RVP approved such an exception?		
<i>OP 7.60 - Projects in Disputed Areas:</i>	<u>Yes</u>	<u>No</u>
Has the memo conveying all pertinent information on the international aspects of the project, including the procedures to be followed, and the recommendations for dealing with the issue, been prepared, cleared with the Legal Department and sent to the RVP?		X
Does the PAD/MOP include the standard disclaimer referred to in the OP?	X	
<i>BP 17.50 - Public Disclosure:</i>	<u>Yes</u>	<u>No</u>
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	X	
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?	X	
<i>All Safeguard Policies:</i>	<u>Yes</u>	<u>No</u>
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of the safeguard measures?		X
Have safeguard measures costs been included in project cost?		X
Will the safeguard measures costs be funded as part of project implementation?	X	

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures?		X
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?		X
<i>Signed and submitted by:</i>		
	<u>Name</u>	<u>Date</u>
Task Team Leader:	Luis Constantino	March 1, 2005
Project Safeguards Specialist 1:	Warren Waters	August 24, 2004
Project Safeguards Specialist 2:		
Project Safeguards Specialist 3:		
<i>Approved by:</i>		
	<u>Name</u>	<u>Date</u>
Regional Safeguards Coordinator:	Frederick Brusburg	
Comments:		
Sector Manager:	Constance Bernard	
Comments:		