PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: PIDA27121

Project Name	Uttar Pradesh Pro-poor Tourism Development Project (P146936)
Region	SOUTH ASIA
Country	India
Sector(s)	Public administration- Other social services (60%), Sub-national government administration (40%)
Theme(s)	Other social development (40%), Participation and civic engagement (20%), Cultural Heritage (30%), Micro, Small and Medium Enterpris e support (10%)
Lending Instrument	Investment Project Financing
Project ID	P146936
Borrower(s)	Department of Tourism
Implementing Agency	Department of Tourism
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	02-Sep-2015
Date PID Approved/Disclosed	03-Sep-2015
Estimated Date of Appraisal Completion	
Estimated Date of Board Approval	17-Nov-2015
Appraisal Review Decision (from Decision Note)	

I.   Project Context

Country Context

Despite making great strides towards greater economic stability, India's need to diversify its economy to foster inclusive and sustainable growth remains at the forefront. While India's GDP growth rate is accelerating and is estimated at 7.2 percent in 2014-2015 , its poverty rate, although declining, remains high at 21.9 percent, with striking regional, caste and gender inequalities. Poverty rates in India's low-income states are three to four times higher than in all other states, creating pockets of severe poverty that are both geographically and economically disconnected. In 2013, India ranked among the poorest of the world's middle-income countries, with annual per capita output of US$1,394 in 2013-14, which is more than double the average of its most populous state, Uttar Pradesh, at US$675.

The Government of India recognizes this and has outlined the need for "faster, sustainable, and more inclusive growth" as the overarching goal of its 12th Five-Year Plan (2012-2017). Under the Plan, the need and potential for growth is highlighted through key sectors, especially agriculture,

industry, energy, transport, urban and rural development and tourism. The tourism sector is widely seen as offering greater potential for pro-poor growth than many other sectors given that it necessitates relatively low levels of capital investment, is labor intensive, accommodates low skill-levels, has a high multiplier effect, is consumed at the source and is complementary to human development in that it spurs and prioritizes for instance infrastructure, sanitation, water, skill-building and entrepreneurship. Under this perspective, India's 12th Five-Year Plan explicitly stresses pro-poor tourism as a priority approach aimed at ensuring that tourism growth contributes to job creation and increased business opportunities, particularly for poor female and young workers in asset-rich but low income areas, with ultimate impacts on poverty reduction.

Under the present government, plans to revive and strengthen the Indian economy include the development and projection of "brand India" on the worldwide stage. Among a number of critical focus areas, tourism is described as central to the construction of a new national brand and as a strong untapped driver of inclusive economic growth. In its first year budget, the government has allocated funds for tourism development in Varanasi, which is one of the major cultural and tourist destinations of the country as well as for the creation of tourist "circuits" around specific themes – archaeology and heritage, culture and spiritual, the Himalayas, desert, coasts, and medicine – the introduction of an e-visa system, the National Heritage City Development Scheme (HRIDAY) and a National Mission on Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD) .

Sectoral and institutional Context

India is well positioned to take advantage of the dynamism of tourism as a potential driver for inclusive growth in asset-rich but low-income areas. India possesses some of the greatest wealth in tangible and intangible assets in the world, including archaeological, historical, religious, natural and cultural resources with unrivaled tourism potential. The country attracted about 7 million international and an estimated 750 million domestic/regional tourists and pilgrims in 2013, contributing a total of over US$100 billion to the Indian economy, or 6.6 percent of its GDP. The country is ranked 12th in the world out of 184 countries in terms of total size of contribution to GDP and is fourth in long-term growth forecasts. The sector is experiencing a period of strong growth driven by India's burgeoning middle class, open skies and low cost airlines, new product development and robust promotional initiatives by the government (e.g., the "Find What You Seek" campaign launched by the Ministry of Tourism).

Despite its growth and high-level policy directions, up to now, India has been unable to harness the power of the tourism sector to achieve the goals of inclusive growth and poverty reduction. The economic benefits from tourism have unevenly trickled down to local communities or to the assets and locations that draw millions of visitors and pilgrims in the first place. In certain regions, such as the Buddhist Circuit destinations in Uttar Pradesh and Bihar, the majority of earnings from tourism have been captured by airlines, travel agencies and tour operators, most located outside the heritage-rich tourism destinations to which they direct their clients and from which they profit. At the broader level, the World Economic Forum's Travel and Tourism Competitiveness Report for 2013 ranked India 65th out of 140 countries on overall tourism competitiveness despite being ranked 21st in terms of touristic resources. India's tourism, in spite of its assets, only ranked 41st globally in terms of international arrivals and 54th in terms of expenditure per visitor. The state of Uttar Pradesh best exemplifies this paradox.

Uttar Pradesh—India's biggest cultural and tourist destination, containing some of the country's

most iconic assets and annually hosting millions of devotees and visitors—remains one of India's low-income states. Uttar Pradesh (UP) is India's fourth largest and most populous state with over 199 million inhabitants, and is home to the emblematic Taj Mahal, to one of the most ancient living cities in the world—Varanasi—located on the banks of the sacred Ganges, and to two of the world's four most important Buddhist sites—Sarnath and Kushinagar, all visited by millions annually. In 2013, the state attracted 226 million domestic and about 2 million international visitors, who contributed a total of USD 6 billion to the UP economy. Despite this distinctive endowment, UP remains India's third poorest state, with a 37.7 percent poverty rate. UP also lags behind most Indian states across a number of human development indicators, such as literacy and infant mortality. When disaggregated by gender, men's literacy rate is much higher at 79.2 percent compared to 59.2 for women. Equally troublesome is the adverse sex ratio in the state: 904 females to 1,000 boys.

Ground-level data indicates that Agra, the Braj region and the Buddhist Circuit, which are home to some of the prime tourist destinations of India and UP, and the greatest wealth of heritage assets, have some of the state's highest poverty rates. For instance, its most iconic heritage asset and India's primary tourism destination, the Taj Mahal in Agra, is surrounded by more than 20 slums with crumbling infrastructure and services. In certain wards of the city of Sarnath, one of the most significant sites of the Buddhist Circuit, 100 percent of households are living below the poverty line. Mathura, the largest city and pilgrimage attraction of the Braj region, lacks the most basic urban infrastructure and services, condemning residents to extremely low living standards, with up to 28 percent of households living below the poverty line in some areas.

A combination of ineffective approaches and practices are inhibiting UP's tourist destinations from leveraging their unique cultural and natural assets as endogenous sources of inclusive growth and poverty reduction through pro-poor tourism development. This is due to:

(a) A lack of a shared vision and consensual strategy among stakeholders for the coordinated development and promotion of asset-rich destinations, leaving many touristic areas to degradation:
    (i)   Investments and related product development often respond to the demands of top-end foreign visitors, despite the fact that domestic and regional tourism segments represent the greater volume, with higher potential impact on the local economy and expected growth rate.
    (ii) Multiple, uncoordinated strategies across central, state and local government agencies and the private sector result in overlapping and/or conflicting interventions and investments, and ultimately no action.
    (iii) A monument-centric and fragmented approach to branding, promotion and investment efforts has isolated tourist attractions and sites from their wide context, threatening their integrity and attractiveness to tourists.

(b) Lack of adequate destination management and institutional capacity, threatening assets and local communities and reducing visitor satisfaction and retention:
    (i)   Weak planning and management of the destinations has led to their unregulated growth, resulting in exclusion of the poor from local economic development. Infrastructure services in the destinations are inadequate even for the current levels of population, let alone millions of additional visitors during peak tourist and pilgrimage seasons, leading to resentment amongst residents and minimal visitor satisfaction.
    (ii) Limited institutional capacities, unclear role assignment among government agencies and uncoordinated development efforts in city development, tourism promotion and local economic

development have led to inadequate protection, management and promotion of assets, and inadequate development of tourist products for various market segments.

(iii) Local authorities lack the appropriate tools and contemporary approaches for the stewardship of heritage assets for pro-poor tourism development purposes. A preference for "beautification" and "modernization" schemes that further isolate tourist attractions and historic areas and the poorest populations put them at even greater risk.

(c) Ineffective and non-participatory policy approaches, excluding communities from the benefits of tourism:

(i) A lack of multi-stakeholder engagement in tourism sector development and largely non-participatory, "expert"-led resource allocation results in a disconnect between planning and the reality on the ground and a lack of local ownership, thus reducing investment implementation effectiveness and preventing adequate operation and maintenance of investments.

(ii) Limited engagement in public-private partnerships and co-management schemes with surrounding communities and the private sector, as well as a complex business and investment climate (e.g., excessive red tape) leads to a lack of relevance, poor market connectivity, generally poor service standards and no leveraging with private investors.

(iii) A lack of formal and decentralized sources of revenues hinders the proper management and conservation of cultural and natural assets and the broad sharing of tourism benefits at the local level.

This reality shows that not only has the potential of tourism as a driver of inclusive and sustainable growth not been leveraged, but the current tourism model isolates local communities from economic development and puts globally recognized cultural and natural assets at severe risk of neglect and degradation. Moreover, the majority of current government interventions in the tourism sector, with their focus on large-scale infrastructure investments (e.g., the creation of a ring road providing direct access to the Taj Mahal, bypassing all other attractions and communities), have the potential to aggravate the situation. This demonstrates the need for a new approach to tourism planning and management, without which the negative impacts on assets and communities may quickly become unmanageable, as seen in other destinations in the world.

Acknowledging this reality, the Government of Uttar Pradesh is currently updating its Tourism Development Policy 2002, prioritizing Agra, the Braj region and the Buddhist Circuit as drivers for the inclusive socioeconomic development of the state. It is a priority for the Uttar Pradesh authorities to better manage the state's unique heritage assets in a way that delivers (i) inclusive economic growth through employment multipliers and income opportunities for local businesses and entrepreneurs, and (ii) improvements in multipurpose access infrastructure, public spaces and basic services utilized by both local communities and visitors. In this context, through its Department of Tourism, the state government requested World Bank support to help refine, promote and implement their pro-poor tourism vision. This request has been shared and approved by the Indian Ministry of Tourism, which expressed interest in further applying the approaches to be tested and the lessons learned from Uttar Pradesh in the other envisioned tourism circuits to be later developed across India.

II. Proposed Development Objectives

The Project Development Objective is to increase tourism related benefits for local communities in targeted destinations

III. Project Description

Component Name

Component 1: Destination Planning and Governance

Comments (optional)

Component 1 aims to establish the institutional structures, policies and coordination mechanisms necessary for bringing together the public and private sectors and local communities for effective destination-level tourism planning and governance, through: (i) the formulation of integrated destination-level tourism development plans; (ii) the refinement and implementation of branding and promotion strategies; (iii) the strengthening of public, private and community institutions involved in tourism for coordinated destination management; (iv) the improvement of the state visitor M&I systems; (v) review of state tourism policy based on inclusion and sustainability principles; (vi) support to PPD; and (vii) training of individuals and groups employed in the tourism sector.

Component Name

Component 2: Tourist Products Development and Management

Comments (optional)

Component 2 aims to enhance the tourist experience while contributing to improving local living conditions and livelihood opportunities by transforming existing tourist "attractions" into tourist "products" that incorporate local communities both physically and economically, through: (i) enhancement of existing attractions and their surroundings; (ii) provision of interpretation and information at monuments/sites of interest, including interpretation centers, signage; (iii) rehabilitation and diversification of destination-level products and activities; (iv) provision of facilities/services for tourists and locals alike; and (v) the improvement of access and transportation to main sites and tourist products and their adjacent communities.

Component Name

Component 3: Support to Local Economic Development

Comments (optional)

Component 3 aims to improve the linkages of those involved in the productive and creative economies with the tourism value chain in the Project target areas, through: (i) mapping of local productive and creative industries and support to business development and tourism service providers; (ii) the provision of training, information, tools and infrastructure for business development, production and marketing within the tourism value chain; (iii) enhancement and/or diversification of skills; and (iv) branding and promotion of locally produced goods linked to tourism products.

Component Name

Component 4: Project Management

Comments (optional)

Component 4 aims to provide the necessary technical, advisory and financial support for the adequate implementation, management and coordination of the Project through (i) the establishment and operation of a State Project Coordination Unit (SPCU) at the state Department of Tourism in Lucknow and Technical Support Units (TSU) at the local Development Authorities in selected Project target areas; (ii) project monitoring and information system; and (iii) project communication.

IV. Financing *(in USD Million)*

Total Project Cost:	300.00	Total Bank Financing:	210.00

Financing Gap:	0.00		
For Loans/Credits/Others			**Amount**
BORROWER/RECIPIENT			90.00
International Development Association (IDA)			210.00
Total			300.00

V. Implementation

The project's institutional and implementing arrangements are based on standard practice in Uttar Pradesh for externally aided projects, which includes an Empowered Committee, a Steering Committee and specific project implementation units, as described below.

At the state level, the project will be implemented through the following institutions:

(i)   An Empowered Committee, chaired by the Chief Secretary, convened by the Principal Secretary, Department of Tourism, and comprising key state government officials from departments related to the project (e.g., Finance, Planning, Public Works, Vocational Training, Culture, Forest, Law, Externally Aided Projects) has been established and is already providing high-level policy advice and support to inter-departmental coordination to the project. The Empowered Committee is also responsible for the review of the Project's annual work plan and ensuring counterpart budget is allocated in a timely manner.

(ii) A Steering Committee, chaired by the Secretary of Tourism and comprising the Principal Secretaries of key departments for the project, has also been established to provide technical guidance and quality assurance and serve as a liaison between the Empowered Committee and the SPCU. It also ensures that critical aspects related to, for instance, contracting and inter-governmental approvals, are addressed in a timely manner during Project implementation.

(iii) The Department of Tourism is the implementing agency, responsible for overall Project preparation, management, coordination and accountability of implementation.

(iv) A State Project Coordination Unit (SPCU) in Lucknow, working under the Principal Secretary, Department of Tourism, and comprising DoT officials and competitively selected experts in areas of financial management, procurement, social and environmental management, supports the Department of Tourism in the project's overall implementation by ensuring compliance with government and World Bank standards, project monitoring, the preparation of annual work plans, hiring of consultants and supervision of works, among other functions.

(v) An Advisory Group comprising reputable experts will continue to provide intellectual support to the Department of Tourism, SPCU and TSUs, when necessary, to ensure that the project meets global standards and good practices.

While the Department of Tourism manages the majority of project activities, the following structures support implementation at the destination level:

(i)   The Development Authorities in each of the destinations. Following current practice in the state, these authorities serve as the implementing entities in each core area, reporting to the

respective Divisional Commissioners and the SPCU. The implementing entities' primary responsibilities are to: (i) provide inputs for detailed project reports, prepared by consultants hired by DoT; (ii) prepare bid documentation; (iii) participate in a joint committee with DoT for pre-bid conferences, opening of bids and preparation of evaluation reports; (iv) prepare contracts for DoT approval; (v) sign, implement, manage and make payments for contracts based on the project's annual work plan, with oversight from DoT; (vi) ensure adequate operation and maintenance of the services/facilities financed by the project. The Development Authorities will also be responsible for coordinating with the respective local authorities and relevant sector agencies in planning and monitoring the execution of Project investments and activities, as well as providing reliable, timely and relevant information to concerned agencies and citizens at destination level.

(ii) Technical Support Units (TSUs). The TSUs are being established under the guidance and administrative control of the SPCU. They are housed in the respective Development Authority and report directly to the Chairman/Vice Chairman of each Development Authority. The primary task of the TSUs is to support and work directly with the implementing entities through on-the-job technical assistance and training, in areas as diverse as contract planning, procurement and management, to design, execution supervision, support to coordination, communication and monitoring of the Project investments and activities.

(iii) Representative Community Panels, to be identified in each subproject area during subproject preparation, will ensure the continued active participation of communities in the planning, implementation and oversight of subprojects.

VI.   Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	✘	
Natural Habitats OP/BP 4.04	✘	
Forests OP/BP 4.36	✘	
Pest Management OP 4.09		✘
Physical Cultural Resources OP/BP 4.11	✘	
Indigenous Peoples OP/BP 4.10		✘
Involuntary Resettlement OP/BP 4.12	✘	
Safety of Dams OP/BP 4.37		✘
Projects on International Waterways OP/BP 7.50		✘
Projects in Disputed Areas OP/BP 7.60		✘

Comments (optional)
Overall, the project is expected to have positive social, environmental and cultural heritage impacts, particularly through improvements in living conditions and livelihood opportunities of poor and vulnerable communities near cultural and natural sites and tourist areas, the rehabilitation of natural and ecological features of the selected destinations (e.g. public parks, forest areas, water bodies), and the rehabilitation of lesser known cultural assets (e.g. monuments, sacred sites). However, some of the subprojects may have adverse social, environmental and/or cultural heritage impacts, particularly during the execution of civil works. For this reason, OP/4.12 Involuntary Resettlement, OP/BP 4.01 Environmental Assessment, OP/BP 4.04 Natural Habitats, OP/BP 4.36 Forests and OP/BP 4.11 Physical Cultural Resources are triggered as a prevention and to guide the mitigation of any adverse impacts.

Given that subprojects are not finalized yet, the Borrower has prepared an ESMF for the project to address these potential impacts. The ESMF details the policies, procedures and institutional responsibilities for assessing and managing subprojects' potential environmental and social risks and impacts. It is offered to all agencies responsible for the development and execution of all subprojects to be implemented under the project. As per the ESMF, any subprojects found to have potentially negative impacts during initial screening will require an Environmental and Social Impact Assessment (ESIA). In case impacts are unavoidable, mitigation plans (Environmental and Social Management Plan, Resettlement Action Plan, and/or Physical Cultural Resources Management Plan) will be prepared, and reviewed by the Bank prior to the given subproject financing. No category A subproject will be financed under the project. Such individual subproject activity will be replaced with an element that presents a less significant environmental risk (Category B or C).

Under the ESMF, the project has also developed a Resettlement Policy Framework which includes (1) a Gender Development Framework (GDF); (2) an integrated Grievance Redress Mechanism (GRM); (3) specific procedures on public consultation and disclosure; (4) social measures within the implementing and monitoring arrangements covering selection, appraisal and implementation of subprojects; (5) outlines for ESIA and ESMP/RAP, and (6) schedule, procedures and terms of reference for periodic environmental and social assessments/monitoring.

The ESMF was disclosed in country on April 11, 2015 in both English and Hindi as well as on the World Bank's InfoShop on April 30, 2015. The link for in-country disclosure is: www.uptourism.gov.in. A revised version of the ESMF, incorporating feedback from consultations, was disclosed in-country on July 6, 2015 and in the World Bank Infoshop on July 16, 2015.

The State Project Coordination Unit (SPCU) in the Department of Tourism, Lucknow, is responsible for safeguards compliance, and will be supported by competitively selected decentralized teams (Technical Support Units – TSUs) based in the project core areas.

VII. Contact point

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