

Project Summary Information (PSI)

Project No: 000079

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| Project Name | Andhra Pradesh Urban Water Supply & Septage Management Improvement Project |
| Country | Republic of India |
| Sector | Water (Water Supply and Sanitation) |
| Project Number | 000079 |
| Borrower | Republic of India |
| Implementation Agency | Public Health & Municipal Engineering Department, Government of Andhra Pradesh |
| Environmental and Social Category | A |
| Date of PSI prepared or updated | April 13, 2018 |
| Estimated Date of Board Consideration | December 2018 |
| Concept Decision | Approved on April 12, 2018 |

I. Introduction

India has been experiencing rapid urbanization in the past decade. However, development of basic infrastructure has not been able to keep up with the urban growth. Water supply, waste water collection and treatment, drainage, solid waste and other basic infrastructure are inadequate in urban areas to respond to the population and economic growth. In particular, water supply and sanitation is characterized by low coverage, intermittent services, poor standards and quality.

Achieving universal coverage of water supply and sanitation in a sustainable manner in all urban areas, is a key priority of the Government of India. Alongside access, improving the quality of services is also a challenge. The Ministry of Urban Development, Government of India, has adopted a set of national service level benchmarks for water supply and sanitation to shift the focus of investments towards service delivery.

The nation-wide program, named as Atal Mission for Rejuvenation and Urban Transformation (AMRUT) was launched by the Government of India in 2015 aiming to provide basic services in cities with a population of more than 100,000 inhabitants. The program provides grant financing of INR50,000 crore (USD7.6 billion) for investments in water supply, sewerage facilities, septage management, storm water drains, public transport and parks in 500 cities for the period between 2015 to 2020. The program includes investments in hard infrastructure, capacity building and reforms in 11 areas, such as urban planning, improvement in levy and collection of user charges, and energy and water audits. To further address the issue of sanitation, the Government of India has launched several other initiatives such as the Swachh Bharat Abhiyan Mission which aims to clean up cities, urban and rural areas and to end open defecation by 2019.

In the state of Andhra Pradesh, around 71 percent of urban households have access to improved water supply. The goal of the Government of Andhra Pradesh is to achieve universal coverage in water supply, septage management and sewerage in line with the national priorities by rolling out infrastructure in urban areas. The Government of Andhra Pradesh has also planned to provide continuous water supply of 135 lpcd corresponding to the national service level benchmarks as compared to the current intermittent water supply of up to 87 lpcd.

Since the AMRUT program does not provide coverage for Urban Local Bodies (ULBs) with a population of less than 100,000 inhabitants, leaving a significant share of the population uncovered, the Government of Andhra Pradesh has decided to launch the Andhra Pradesh Urban Water Supply & Septage Management Improvement project (APUWSSMIP; project) to cover the remaining inhabitants in all the 50 ULBs. The project will supplement with other programs of the Government of India and programs of the Government of Andhra Pradesh such as the Critical Infrastructure Investment Plan (CIIP) to meet the urban infrastructure gap in Andhra Pradesh.

II. Project Objective and Expected Results

The project objective is to improve water supply and sanitation service levels, and strengthen sustainable service delivery in the targeted urban areas in the State of Andhra Pradesh, India.

III. Project Description

The proposed project will include investments in water supply infrastructure which comprises of construction of intakes at raw water source, raw water transmission mains, water treatment plants, clear water transmission mains, treated water storages, distribution networks and household service connections in 50 ULBs in Andhra Pradesh. The project may also include investments in septage management and septage treatment plants including improvement of the drainage network to improve the sanitation services in the project ULBs. In few project ULBs, the partial existing infrastructure will be rehabilitated and augmented to be used with the newly created infrastructure. To maximize economic benefits, enhance public health security, and ensure a safe environment, it is essential that the investments in water supply and sanitation services be carried out as “one” integrated solution and should be implemented simultaneously.

The project will be implemented in two phases; Phase 1 and Phase 2. Phase 1 could cover 15 to 20 ULBs. Phase 2 will comprise of the remaining ULBs.

IV. Environmental and Social

The project has been assigned **Category “A”** in accordance with the Asian Infrastructure Investment Bank’s (AIIB; Bank) Environmental and Social Policy (ESP) and Environmental and Social Standards (ESS). Based on preliminary assessments, all three ESSs, i.e., ESS 1 (Environmental and Social Assessment and Management), ESS 2 (Involuntary Resettlement) and ESS 3 (Indigenous Peoples) will be applicable for the project. As required by the Bank’s ESP for Category ‘A’ projects, an Environmental and Social Management Framework (ESMF) is being developed for the entire project comprising of 50 ULBs. The ESMF will include a generic Environmental and Social Management Plan (ESMP). The ESMF will provide guidance on preparation of Environmental and Social Impact Assessments (ESIA) for project ULBs and develop ULB specific ESMPs. All environmental and social risks and their mitigation measures will be identified and assessed in the ESMF. A Resettlement Policy Framework (RPF) will be prepared to provide guidance on addressing issues of land acquisition, and physical and economic displacements, either of temporary or of permanent nature. Additionally, the ESMF will also include a Tribal Peoples Planning Framework (TPPF) and a Tribal Peoples Management Plan (TPMP).

V. Estimated Project Cost and Financing Source

The total project cost is estimated at approximately USD940 million. The proposed AIIB investment is a loan of up to USD400 million. The indicative financing plan may be as below: ¹

| Loans/Credits/Others | Amount in million USD |
|------------------------------|----------------------------------|
| AIIB Loan | 400 |
| Government of Andhra Pradesh | 540 |
| Total | 940 |

VI. Implementation

The Andhra Pradesh Urban Finance and Infrastructure Development Corporation (APUFIDC), Government of Andhra Pradesh is the Project Implementing Entity and will lead, coordinate the project preparation, pre- and post-implementation activities and monitor the overall implementation of the project. APUFIDC is the

¹ The indicative total project cost has been estimated by the Government of Andhra Pradesh to address the infrastructure gap in water supply, septage, and storm water drainage in the 50 ULBs under the APUWSSMIP and the CIIP programs. The financing plan is just indicative in nature.

main focal agency for the Bank for the project. The Public Health & Municipal Engineering Department, Government of Andhra Pradesh, is the Project Implementing Agency and will implement the project in coordination with the APUFIDC and the respective ULBs.

All procurements under the project will be conducted in accordance with the Bank's Procurement Policy and Interim Operational Directive: Procurement Instructions for Recipients.

Proposed project implementation period: January 2019 to December 2023.

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