



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 03-Sep-2018 | Report No: PIDISDSA21955



BASIC INFORMATION

A. Basic Project Data

Country India	Project ID P158502	Project Name Jharkhand Municipal Development Project	Parent Project ID (if any)
Region SOUTH ASIA	Estimated Appraisal Date 01-Sep-2018	Estimated Board Date 30-Oct-2018	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) Republic of India	Implementing Agency Urban Development and Housing Department, Government of Jharkhand	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to provide improved access to basic urban services and management capacity in participating ULBs

Components

- Component 1: Urban Infrastructure Improvement
- Component 2: Institutional Development
- Component 3: Project Management & Implementation Support

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	210.00
Total Financing	210.00
of which IBRD/IDA	147.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	147.00
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Non-World Bank Group Financing

Counterpart Funding	63.00
Borrower	63.00

Environmental Assessment Category

A-Full Assessment

Decision

The review did authorize the team to appraise and negotiate



B. Introduction and Context

A. Country Context

1. **Urbanization¹ in India has been costly as, evidenced by high land prices, inadequate housing, congestion and weak service delivery.** These costs are the result of weaknesses in the policy, financing and institutional frameworks that govern key aspects of urban management. The urban development agenda requires coordination across India's federal system which consists of the central government, states and union territories and rural and urban local bodies (ULBs). This includes actions that are both *for cities*, i.e. to be undertaken by the Centre and the States, and *by cities*, i.e. to be undertaken by the ULBs themselves.² ULBs vary not only in size, population and physical endowments but also revenue collection, service delivery and administrative capacity. While the state governments have substantial political autonomy and revenue sources, ULBs still remain largely dependent on the states for determining their urban service responsibilities and taxation powers as urban is a state subject.

2. **The 74th Constitutional Amendment Act (CAA), 1992 gave constitutional recognition to ULBs and emphasized their role in service delivery, but implementation of reforms for ULBs remains incomplete and uneven across states.** The 74th Amendment, designates 18 functions including town planning, land use regulation, water supplies and so forth to ULBs. In the past, state governments have dominated policy development, fiscal resources, development of urban infrastructure and even delivery of urban services. For example, in the state of Jharkhand, although the Jharkhand Municipal Act (2011) duly incorporates all the 18 functions, given the low capacity of its ULBs, in practice, provision of several of these functions continue to be performed by state level agencies or departments. However, this is changing as ULBs begin to develop greater planning, project implementation and maintenance capacities, as reflected in the design of recent national urban programs of Jawaharlal Nehru National Urban Renewal Mission (JNNURM)³ and Atal Mission for Rejuvenation and Urban Transformation (AMRUT)⁴ that emphasize a bottom-up approach and prioritize intergovernmental coordination.

3. **As policy makers look to address future urban development in India, a fundamental question is how to enable ULBs to address the challenges that Indian cities will be facing over the next twenty years.** National level urban development models and programs in India over the last 20 years have had two tenets: (i) centrally government-sponsored and sanctioned; and (ii) heavy reliance on concessional finance from the centre and the states. The first generation of national level urban programs focused more narrowly on identifying and supporting good urban infrastructure investments. Current and future needs require strengthening institutions so that these investments can ultimately be undertaken on a self-sustaining basis, especially by ULBs. The critical issue facing policy makers is - *how can ULBs become entities that have the capacity to undertake the capital investments to meet the infrastructure gap and also raise the financial resources required for effective operation of urban services?*

¹ The current level of urbanization in India is around 31% (377 million persons) as per the 2011 census and it is projected to increase to 50% or more over the next 20 years.

² ULBs include municipal corporations, municipalities, nagar panchayats and other non-municipal agencies.

³ JNNURM was launched in 2005 (till 2014) with an envisaged investment of over USD 20 billion. The key part of the program was for 63 key cities and provided between 20-80% of investments in pre-identified urban areas. All project investments were cleared at the central level and fund flow linked to the physical implementation on ground. The Atal Mission for Rejuvenation and Urban Transformation launched in 2015 in 500 cities with a focus on adequate robust sewage networks and water supply for urban transformation. It requires Cities to do a planning exercise



B. Sectoral and Institutional Context

4. **Jharkhand is one of the richest states in India in terms of natural resources. However, with 37 percent of the population living below the poverty line it has the second highest poverty rate in the country.**⁵ The pace of poverty reduction and growth in real GSDP per capita in Jharkhand has been slower and more volatile than most other states since 2005, ranging between 20 percent to negative⁶. The GSDP growth has been mainly driven by the industrial sector, which draws poor rural migrants to urban areas and mining centers for seasonal or permanent employment. Poverty in Jharkhand is linked to a lack of access to basic services and facilities, conditions which will become increasingly urgent for ULBs to address as the state becomes more urban.

5. **Cities in Jharkhand are home to a quarter of its population.** While the share of urban population, according to Census data, is lower than India as a whole (31 percent), urban population growth for the period 2001-11 in 9 of 24 districts exceeds India's pace of 2.7 percent during this time. The situation is compounded by poor urban infrastructure coverage. According to the Urban Development and Housing Department (UDHD) of the Government of Jharkhand (GOJ), in 2012-13, on average, only 31 percent of urban households had water supply connections and only 41 percent of the households had individual toilets. Storm water drainage covered only about 25 percent of urban areas, solid waste management collection efficiency is a meagre 33 percent and no treatment and scientific disposal of municipal solid waste is practiced in any part of the state at present. Jharkhand also needs largescale investments in urban infrastructure and services. Its estimated urban investment requirement for urban sector in is US\$2 billion. After including federal and state funding for urban, there remains an estimated net investment gap of about US\$ 1 billion.

6. **GoJ has prioritized urban development over the last five years at the policy level, but progress is slowed by low capacity to deliver and manage urban services, both at the state and the local level.** In parallel with drawing federal sources of funding⁷, the GoJ has also increased allocations to the sector. In 2017-18, Jharkhand earmarked US\$334 million for capital expenditure across its 43 ULBs and US\$15 million for O&M. It has also begun to build capacity through critical reforms in the urban sector, drawing a top three rank in performance in achieving AMRUT reforms. However, these notable steps, both

(Service Level Improvement Plans) which is then consolidated at the state level as the State Annual Action Plans (SAAP). The project level clearance is on the state level with the center focusing on the overall Action Plans and achievement of the target indicators.

⁴ The Government of India launched several national schemes focusing on the urban sector, including the (a) AMRUT, focusing on universal coverage of basic urban services. The state has seven AMRUT cities, which factors for 60 percent of the urban population of the state, and areas of investments are water supply, sewerage and parks supplemented by a set of complementary urban reforms; (b) Swacch Bharat Mission (SBM), focusing on clean sanitation for improved public health outcomes with the key elements being eradication of open defecation and manual scavenging, scientific solid waste management and related public awareness activities in both urban and rural areas; and (d) Smart Cities Mission (SCM) focusing on developing 100 smart cities in India.

⁵ The state has a sizeable tribal population; Scheduled Tribes (STs) and Scheduled Castes (SCs) constitute 12 percent and 8.5 percent of urban households. A substantial number of these two vulnerable groups are below poverty line; 28.7 percent of SC and 40.6 percent of STs in urban areas have been classified as below poverty line.

⁶ World Bank Group Study

⁷ The state has seven AMRUT cities. Ranchi has qualified under the Smart Cities Program. For the first time, Jharkhand qualified for performance grants under the 14th Central Finance Commission (CFC) in 2016-17.



investments and reforms, have not led to commensurate improvements in service delivery. This is due to the historically fragmented institution set-up in service delivery and weak managerial, technical and financial management capacity of sector institutions, especially the ULBs. For example, until recently, key urban services were provided by state level agencies such as State Electricity Board, the State Roads Department, and the Drinking Water and Sanitation Department, respectively. This separation of responsibilities has led to a gap in investment and asset management responsibilities, along with a fragmented system of accountability in urban service provision between the ULBs and state level service delivery agencies.

7. **Since 2012, UDHD has focused on bringing ULBs to the forefront of development and delivery of municipal services in line with the decentralization agenda in the urban sector.** Since most ULBs lack previous experience with infrastructure investments of this size and scale, GoJ set up the Jharkhand Urban Infrastructure Development Company (JUIDCO) as a government-owned Company under aegis of UDHD to assist ULBs. JUIDCO has been designated as the nodal infrastructure agency for implementation of AMRUT projects, as well as the state-level implementation agency for the World Bank-supported National Ganga River Basin Project. With JUIDCO's support, ULBs now own the assets they build and are responsible for the operation and maintenance (O&M). However, they continue to face challenges of weak management capacity and insufficient own source revenues⁸ for sustainable O&M.

8. **The efforts to improve urban services and strengthen ULBs in Jharkhand will require a multi-phase, medium term effort.** Phase I will consist of improving the municipal sector's capacity to expand access and deliver better services. This will involve closing the gap on access to basic urban services through critical investments in infrastructure while also strengthening key sector institutions, both ULBs and state level urban agencies, in a phased and incremental manner. A second and longer term Phase II would have the ULBs able to independently plan, finance, implement projects and maintain assets for efficient service delivery. The proposed Jharkhand Municipal Development Project (JM DP) seeks to achieve the initial Phase I and put the ULBs on the critical path to Phase II. The governing principles for Project will be (a) integrating asset creation and management, and (b) generating user charges and local taxes to fund the O&M of infrastructure. Capacity building efforts will be integral to all activities and it will focus on (a) enhancing planning and programming within the resource constraints of ULBs; (b) developing technical expertise at the ULB level; (c) strengthening monitoring and evaluation to promote efficiency of investment expenditures; and (d) mobilizing community participation through better and transparent ULB planning processes.

9. **The Project will provide investment in infrastructure to enable city-scale service provision along with the introduction of effective systems of asset management to operate and maintain these services.** Investment in infrastructure which will lead to comprehensive city scale service provision or universal access and the introduction of effective systems of asset management as part of an overall service delivery

⁸ ULBs are heavily dependent on grants and fiscal transfers; on an average, own-source revenue generation amounts to just 10 percent of the total revenues of the ULBs. Property tax and water user charges are the mainstay of own revenues in Jharkhand ULBs. Even in the larger 7 AMRUT ULBs, which are better performing than the others, property tax coverage ranges between 60 to 75 percent, collection efficiency ranges between 40 to 75 percent, and property tax rates are linked to rental values last assessed in 1992-93. Coverage of water user charges is close to 70 percent of total households served, but collection efficiency ranges between 20 to 44%. In addition to a low base, system inefficiencies have resulted in low revenue collection under these two heads.



strategy are the two concrete steps (components) which the Project will undertake in achieving Phase I. The Project will address the needs for Phase 1 as described above. It will also align with ongoing parallel GoJ urban investment priorities that are using state and federal funds in order to improve coordination among ULBs and reduce fragmentation and duplication of investments. Investments undertaken under the project will be in complement to achieve integrated and scaled up service provision. The idea is consolidation rather than fragmentation of resources and maintenance rather than replacement of assets. Under the Project, a capacity building component will improve the financial management practices at the state and local levels. This will promote a decentralized approach to urban service delivery by enabling a greater role for ULBs as envisioned under the 74th Amendment.

10. **The proposed Project is the first World Bank urban sector lending operation in Jharkhand and one of the first state-specific operations.** Until now, Bank's experience of working in Jharkhand has been through national-level engagements. The Project should be seen as a programmatic initiative towards helping the state agencies and ULBs of Jharkhand tackle the challenge of effective and efficient service delivery. GoJ is currently in the process of preparing a US\$654 million multi-tranche investment project focusing on improving urban service delivery with the Asian Development Bank (ADB). The World Bank has a unique role to play as a first multilateral mover in the sector. It is well positioned to strengthen state and local level systems that can serve as models for institutional capacity building in other engagements in India. The Bank will also play the role of a "knowledge bank" as it is ideally placed to bring in both national and international lessons and experiences to Jharkhand on subnational governance and finance.

11. **Jharkhand is considered to be vulnerable to climate change.** The 2013 Jharkhand State Action Plan on Climate Change (SAPCC) indicates increase in annual precipitation and consequent high incidences of urban flooding, low access of clean drinking water, and heat waves as the primary climate risk concerns for urban areas. The SAPCC lists down urban specific adaptation strategies, which prioritize the need for building urban drainage infrastructure, urban water supply systems, housing, waste collection and disposal systems, and all weather roads to improve connectivity to urban areas. From mitigation perspective, the need to move to more energy efficient infrastructure is highlighted especially in areas of streetlighting. This project addresses some of the climate vulnerabilities laid down in the SAPCC through its infrastructure investments that focus on provision of improved piped water supply systems, drainage infrastructure, and roads.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

12. The Project Development Objective (PDO) is to improve urban service delivery and urban management capacity in participating urban local bodies.



Key Results

13. Achievement of the PDO will be measured by the following indicators, each of which seeks to measure a specific part of the PDO:
- a. Direct project beneficiaries with improved access to urban services disaggregated by gender⁹
 - b. Number of participating ULBs with increased own source revenues
 - c. Number of participating ULBs with increased O&M expenditures

C. Project Description

14. The proposed JMDP aims to support the state of Jharkhand improve key urban services, strengthen policy and institutional frameworks in the urban sector and enhance capacities of key urban institutions, including ULBs, in strategic, systematic and phased manner. This will put the state on a reform trajectory that will help the state realize the goals of the 74th Amendment.

15. The Project will have three components: (i) Urban Infrastructure Improvement, (ii) Institutional Development, and (iii) Project Management and Implementation Support.

Component 1: Urban Infrastructure Improvement (US\$ 174.63 million total ; US\$111.63 million IBRD)

16. The component supports investments in infrastructure which lead to city level or universal service provision and in a manner, that is complementary to investments being undertaken via other resources, including AMRUT. The component will finance subprojects in participating ULBs, covering a range of urban services such as water supply, drainage, roads, sewerage and septage management, among others, or area-based development looking at improved provisioning of basic urban infrastructure across the selected area. For AMRUT cities, sub-projects will preferably be drawn from the city level Service Level Improvement Plans (SLIPs). This will ensure that investments flow into sectors prioritized by the ULB, as well as are in synergy with other current and future investments under AMRUT. Post AMRUT (which ends in 2019), the project will also assist cities in preparation capital investment and priority plans as a part of a better finance as well as infrastructure planning exercise.

17. The selection of subprojects will be based on demand from ULBs. ULBs will need to indicate their interest to obtain funding under the Project to JUIDCO. There will be a two-step selection criterion for sub-projects. Under the first step, there will be a ULB eligibility criteria which the given ULB will need to meet to access Bank funding under Component 1. Once they meet it, the eligible ULBs will put forward their sub-project proposal to JUIDCO. The second step will be the application of a sub-project selection criteria which JUIDCO will undertake. JUIDCO will undertake an initial screening of all such proposals in line with provisions of the JMDP Operations Manual (OM). Over and above the selection criteria, there will be one condition for access to funding for infrastructure to ULBs – that of meeting select budget and financial management systems. These will be undertaken under Component 2. Investment funding under Component 1 will be allocated to ULBs as a grant.

⁹ Targets to be updated at mid-term once all subprojects are identified.



Component 2: Institutional Development (US\$20 million total; US\$20 million IBRD)

18. UDHD is aiming to strengthen the institutional capacities of state level urban agencies towards developing and fostering urban institutional architecture within the state that in the short to medium-term handholds ULBs to undertake their functions effectively, and in the long-term provides a framework that supports the growth of ULBs as an independent third tier of government. Component 2 aligns itself to this effort by undertaking activities which create a balanced urban local governance architecture in the state setting up systems, and strengthening state and local institutions covering resources, capacities and accountabilities. This component will assist ULBs in the introduction of effective systems of improved budgeting and asset management, is expected to improve financial planning capacity and help them operate as effective third tiers of government. This component will have two subcomponents:

Subcomponent 2.1: Strengthening ULB Revenue Base and Public Financial Management Systems

19. This subcomponent will aim at (i) overall ULB capacity building, targeting the new municipal cadres proposed and/or inducted by UD&HD across the state, and (ii) strengthening ULB revenue base and public financial management systems in target (subproject) ULBs to ensure they are able to sustain assets set-up under the Project.

Subcomponent 2.2: Policy and Institutional Support to State

20. This subcomponent will provide organization development and capacity building support to state-level urban institutions involved in the Project. The subcomponent will focus on organization development of JUIDCO, the nodal implementation agency. In addition, the subcomponent will support other state agencies involved in urban development in specific areas critical towards the overall institutional capacity building in the urban sector in the state.

Component 3: Project Management and Implementation Support. (Total cost and IBRD Cost: US\$15 million)

21. This component will finance: (a) project management, construction supervision, and implementation support to JUIDCO and ULBs; (b) preparation of priority detailed project reports (DPR); and (c) incremental operating costs of JUIDCO, including equipment.

E. Implementation



Institutional and Implementation Arrangements

22. **Oversight and policy.** At the highest level, the JUIDCO Board of Directors will provide oversight and policy decisions. The JUIDCO Board is chaired by the Principal Secretary UDHD and includes principal secretaries of departments of Finance, Environment and Forest, Road Construction, and Building Construction, the Director DMA, and the Company Secretary of JUIDCO.

23. **Component responsibility.** JUIDCO will be the Implementing Agency for JMDP. It will be directly responsible for implementation of Components 1 and 3, including all procurement, financial management and safeguard activities. JUIDCO will also undertake procurement of all services under Component 2. SUDA will be responsible for day-to-day implementation of Component 2; it will report to JUIDCO on progress of Component 2.

24. **Project Management Unit (PMU).** A PMU will be set-up within JUIDCO. The PMU will be responsible for day-to-day project management, coordination, and implementation. It will lead project planning, inter-institutional coordination, and monitoring of performance in line with the project implementation schedule as well as facilitate day-to-day decisions for implementing the project components. The PMU will prepare annual work programs, budgets and procurement plans, disburse funds, oversee fund execution and fiduciary accountability, undertake quarterly review meetings, manage project staff and consultancy assignments, prepare project related documents, and provide quality control. The PMU will be headed by a Project Director assigned by the state government, who will report to the Principal Secretary, UDHD. The PMU will be staffed by the following full-time key positions: Deputy Project Director, Senior Municipal Engineer, Civil Engineer, Urban Planner, Environmental Specialist, Procurement Specialist, Financial Management Specialist, Social Specialist, Institutional Development Specialist, and Contract Management Specialist. The PMU will be supported by city-level Project Implementation Units (PIUs) which will bear the main responsibility of implementation supervision at the ground level.

25. **Project Implementation Unit (PIU).** JUIDCO will set up Project Implement Units (PIUs) at the city level, responsible for day-to-day implementation of subprojects. PIUs will provide on-ground execution supervision, safeguard supervision, and project coordination support to JUIDCO. The PIUs would be headed by a Project Manager, who will be at the level of an Executive Engineer or higher, based on the volume and complexity of subprojects being implemented in that city. In addition, PIUs will include an Engineer, an Environment Expert, a Social Expert and an Accountant. At least one Municipal Engineer from the ULB, at the level of Executive Engineer or higher, will be a part of the PIU. This will ensure ULB's ownership and awareness of critical aspects of subproject implementation, which will help in ensuring effective O&M by ULB subsequently. PIUs will be responsible for reviewing effectiveness of the construction management, quality assurance and construction supervision arrangements, day to day site supervision, review of measurement of works, and review of certification of payments to contractors, and ensuring that social and environmental safeguards are duly complied during implementation. To ensure clear understanding of roles and responsibilities for implementation of subproject investments, a tripartite implementation agreement will be signed between of JUIDCO, ULB and the UDHD.

26. **Project consultants.** A Project Management Consultant (PMC) will support the PMU and PIUs for ensuring compliance with all requirements of JMDP, provide inputs and ensure quality control during design and implementation of subprojects, and support setting up and executing reporting systems at PMU and PIU levels. In addition, JUIDCO will procure an independent Construction Supervision and Quality Control (CSQC) consultant and a Reforms Support Consultant (RSC). The CSQC will primarily review the effectiveness of the construction management procedures adopted by the contractor/operator, undertake quality assurance of construction supervision arrangements, and ensure compliance to social and environment management plans. The RSC will support SUDA in implementing the



institutional development component through mobilizing state and regional teams.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Jharkhand is a young state, having bifurcated from Bihar in 2000, and is one of the richest states in India in terms of natural resources – forests, minerals and abundant land. With only 2.7 percent of the population of India, the state possesses approximately 33 percent of its mineral reserves, and is particularly rich in coal and iron ore. 30 percent of the land in Jharkhand is under forest cover. There are 11 wildlife sanctuaries and 13 protected sites listed by the Archaeological Survey of India (ASI). The share of Scheduled Castes (SCs) and Scheduled Tribe STs of Jharkhand is 12% and 26.3%. 37 percent of the population is living below the poverty line it has the second highest poverty rate in the country. The GSDP growth has been mainly driven by the industrial sector, which draws poor rural migrants to urban areas and mining centers for seasonal or permanent employment. The state has 43 ULBs of these, 2 cities – Ranchi and Dhanbad have population of over 1 million. Apart from these, the state has 7 Class I cities (population of over 100, 000). Jharkhand’s major cities face vast challenges in managing urbanization and have so far been unable to meet the growing demands for infrastructure and services, only 31 percent of urban households have water supply connections and only 41 percent of the households had individual toilets. Storm water drainage covered only about 25 percent of urban areas, there is no treatment and scientific disposal of municipal solid waste is practiced in any part of the state at present, and the development of slums is prevalent.

G. Environmental and Social Safeguards Specialists on the Team

Sangeeta Kumari, Social Safeguards Specialist
Sharlene Jehanbux Chichgar, Environmental Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	OP 4.01 is triggered as the project will support significant infrastructure investments in water supply, storm water drainage, sewerage and urban roads in existing urban areas of Jharkhand. The specific cities and locations are unknown, although subprojects known at appraisal stage are located in Khunti and Dhanbad.



The project has been categorized as 'Category A'. An Environmental and Social Management Framework (ESMF) has been prepared for JMDP following the requirements of OP 4.01 Category A project and will be applicable to all sub-projects and capacity building activities financed under JMDP.

The project is likely to finance some investments which will involve complex safeguard issues such as water supply intake structures located within reservoirs of large dams, pipeline alignments which pass through environmentally sensitive areas such as forests.

The ESMF prepared for JMDP acknowledges these issues and integrates the measures for addressing them in the sub-project implementation process

ESIAs including ESMPs, have been prepared for the two known sub projects at appraisal stage, in accordance with the provisions of the ESMF, and disclosed on the implementing entities webpages.

Performance Standards for Private Sector Activities OP/BP 4.03 No

The policy is triggered as some components of subprojects may be located within or in the influence zone of natural habitats. The State of Jharkhand contains one national park and 11 wildlife sanctuaries and 30 small sacred groves. In addition to this, the state contains several lakes and dam reservoirs which are identified as wetland areas.

Natural Habitats OP/BP 4.04 Yes

There will be no significant conversion of natural habitats, or forest areas as projects are primarily confined within urban areas, it is unlikely that infrastructure components would require land from natural habitats, however, this can be the case for development of water sources from very long distances. In such situations, the first principle would be avoidance of these areas. In case they are unavoidable, the ESIA shall be carried out to mitigate the impacts of the project on these areas. the ESMF specifies requirements for further detailed baseline assessments of any areas of natural habitat which could be affected by these investments, full assessment of any impacts to natural habitat, and



application of the mitigation measures in accordance with this policy. A separate natural habitat management plan would need to be prepared based on strong analysis of impacts on biodiversity.

The policy is triggered as there may be some components of the sub-projects which require forest land such as raw water alignments of water supply sub projects. Measures will be taken to avoid diversion of forest land, for major infrastructure components such as WTP and roads. However, in case, unavoidable, for the laying of pipelines, the necessary mitigations measures will be integrated in the project design and permissions will be taken from appropriate authorities.

The project will not support diversion of forest land ; or propose to bring about any changes in management, protection and utilization of forests. If forest land is required, the impact assessment will cover all necessary mitigation measures to avoid impact on trees and local biodiversity; and all necessary permissions under the GoI for diversion of forest land for non-forest purpose will be obtained prior to project execution.

This policy is not triggered as the project will not procure, promote significant use of pesticides.

The policy is triggered as Jharkhand contains a number of sites of religious, historic and cultural significance within its towns/cities. The state also contains 13 protected sites listed by the Archaeological Survey of India (ASI) in Ranchi, East and West Singhbhum and Lohardaga and Saraikela Kharsawan Districts.

Sub-projects may be located in cities that have number of historic and cultural monuments such as Deoghar. In addition to this, the state and urban areas within the state contain a number of physical structures and natural heritage sites which have local, and regional significance.

Required permissions from the Department of Archaeology are to be obtained prior to commencement of construction if the project

Forests OP/BP 4.36

Yes

Pest Management OP 4.09

No

Physical Cultural Resources OP/BP 4.11

Yes



construction activities are located within the influence zone of 200metre of a protected site. However, construction activities within the influence zone will be as far as possible avoided, by identifying this early through screening process.

The detailed ESIA's for each subproject, will require full identification of any cultural heritage that could be affected directly or indirectly, and adequate measures to avoid, mitigate and/or manage such impacts in accordance with this policy.

Necessary precautions will be taken during the construction phases to ensure no harm through impacts on accessibility, vibration and pollution impact to cultural, historic and religious properties.

Chance find procedures will be integrated into the contract documents, and in case fossils, coins, articles of value of antiquity, structures and other remains or things of geological or archaeological interest are discovered on the site or during excavation works.

The state has substantial share of Scheduled caste and Scheduled Tribe population. The ULBs likely to be supported under the project is also likely to have Scheduled tribe Population. The project would require to ensure consultation in the SC and ST dominated areas. The ESMF for the projects includes scheduled tribe participation framework provides the process of identification of ST with unique characteristics and ensure their participation and access to benefits in the urban infrastructure development and service delivery sub-projects. Accordingly sub projects will require to prepare and disclose sub project level Scheduled Tribe Participation Plan (STPP) as applicable and address any negative impacts of the project through a Resettlement Plans. Separate STPP has been prepared and disclosed for Khunti Water Supply Sub Project (one of the two known sub projects along with ESIA and ARAP.

The proposed infrastructure improvement activities under the project is likely to require land acquisition

Indigenous Peoples OP/BP 4.10

Yes

Involuntary Resettlement OP/BP 4.12

Yes



in certain cases and removal of encroachments resulting in loss of livelihood and involuntary resettlement. A draft resettlement policy framework have been prepared and disclosed as part of the ESMF to guide the preparation of Resettlement Action Plans and Abbreviated Resettlement Action Plans to meet the policy requirement. The resettlement policy framework (RPF) provides the principles, definition and entitlements of the project affected persons (PAPs). Sub project specific draft ARAP has been prepared and disclosed for Khunti Water Supply project. The draft RAP for Dhanbad Road has also been prepared and disclosed.

OP 4.37 Safety of Dams” is triggered as a precautionary measure, as JMDDP may support sub projects in water supply that draw water directly from a reservoir controlled by an existing large dam. However, the construction of any type of dams would be ineligible under this project. If the screening process confirms that the selected water supply sub-project would rely on the performance an existing dam- If this is a large dam (with a height of more than 15 m) the dam safety due diligence process would need to be followed as per OP 4.37. If it is a small dam below that threshold, the environmental assessment process need to ensure that the ESIA/EMPs will include the standard dam safety engineering measures approved by a qualified engineer. These provisions have been incorporated as part of the Environment and Social Management Framework for JMDDP.

The project is not expected to create any adverse impacts from an international perspective or change in surface quantity and quality in the Ganga.

This policy is not triggered because there are no interventions of the Project in Disputed Areas.

Safety of Dams OP/BP 4.37

Yes

Projects on International Waterways
OP/BP 7.50

No

Projects in Disputed Areas OP/BP 7.60

No



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:

The project by design aims to improve urban infrastructure and service delivery in Jharkhand which would lead to positive improvements in the quality of water delivered to the consumers, reduced incidences of water borne diseases, safer roads, better traffic management, and improvements in public health. However while the type and scale of the proposed interventions seems to be standard, the capacity of the implementing agencies to deliver an intensive environment and social safeguards management suggests to raise the level of risk of this operation. There also exist several challenges associated with construction and excavation activities in already congested urban areas, and complex sub projects involving environmentally sensitive areas.

The main environmental risks associated with project financed activities include (i) inadequate implementation of environmental management plans due to weak capacity in implementing entity and ULB; (ii) inadequate consideration towards worker welfare, health and safety (iii) the project is likely to finance complex investments which will come under the Bank's classification of Category A sub-projects. These may include impacts that are sensitive, or that affect an area broader than the sites or facilities subject to physical works, and require specific mitigation measures, such as establishing water supply intakes in the reservoir of large dams. Construction activities in urban areas could impact cultural properties, involve tree cutting, increase in dust, noise, congestion and cause localized air quality impacts. There is also a risk of inadequate disposal of debris, spoils, silt from drains, and sludge from water treatment facilities which could cause soil and water contamination issues. Poor management of health and safety at construction sites could impact safety of neighboring communities, road-users, pedestrians and construction workers.

Of the known sub projects at appraisal stage, there are no significant environmental impacts, nor do they necessitate dam safety assessments, or impact natural habitats. Khunti water supply involves replacement of raw water pipeline in a forest area, though, there is no impact on the forest, no trees are to be felled, and there is no impact on the user ship and rights of the forest dwellers. All mitigation measures including arrangements to safely dispose sludge from the WTP have been provided. Dhanbad road upgradation project has adverse impacts of tree cutting, and relocation of locally significant cultural properties. Other impacts include standard construction stage impacts such as increase in dust, noise, disruption of traffic and other utilities, and ensuring safe disposal of construction and demolition waste. The mitigation measures have been detailed in the environment and social management plans to reduce the impacts to a minimum level, suitable to be incorporated in the contracts of the known projects.

The key social issues anticipated during the lifecycle of the project include laying of infrastructure and utilities resulting in land acquisition, loss of structures, loss of livelihood and loss of common property resources (CPRs). The local population, in particular ST population, may be adversely affected by loss of natural resources such as land, water and forest. Further, the impacts during construction include loss of access to houses, CPRs and urban infrastructural facilities. About, 90% of labour under the project will consist of local population with only 10% labour/technicians coming from outside; therefore, chances of conflict between immigrant labour force and local community are rare. However, possibility of issues relating to child labour and safety and security of women cannot be ruled out.

No land acquisition is anticipated in the Dhanbad road sub projects and LA is at advanced stage for 1 plot of land for Khunti WS sub project. The resettlement impacts shall be limited to Non-titleholders within the Corridor of impact



which is largely within the public Right of way. A total of 2 structures will be affected due to construction in Khunti. Livelihood of 37 PAPs is impacted that includes temporary impact on 35 mobile vendors in Khunti. About 260 structures will be affected in Dhanbad road sub project. Livelihood of about 220PAPs is impacted. 19 CPRs will be affected (waiting sheds, temples and statues).

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

The indirect environmental impacts of water supply sub-projects could include the incremental increase in generation of wastewater in cities where water supply sub-projects are implemented. That said, over the long term, there will be an improvement in urban infrastructure, sanitary conditions with more households are expected to be connected to sewer systems through ongoing National urban programs such as AMRUT.

During operation of the project, it is expected that an with the introduction of strengthened road design under JM DP, which includes cycle lanes, road safety, traffic management, road side drainage, and illumination will induce positive changes in surrounding environments.

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

Each sub-project during the design phase will review the potential alternatives, techniques and evaluate their comparative environmental impacts and costs for alternative locations for their siting and site layouts and designs will be adjusted as needed to minimize negative effects and maximize benefits. This is particularly important in the context of siting for major infrastructure facilities such as water treatment plants and alignments of distribution networks. This will be carried out as part of the screening exercise that will be carried out for the sub-project as per the agreed ESMF of the project.

Alternatives have been analyzed in the two sub-projects that have been appraised for implementation. In Khunti, based on the analysis of alternatives, the existing water intake is being utilized, and its pumping capacity is being upgraded, so that a new intake well would not need to be established. In Dhanbad, the minimum 45m of existing Right of Way was selected to avoid impacts on communities residing close to the alignment, ensure road safety, and appropriate traffic management. 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.

Jharkhand Urban Infrastructure Company (JUIDCo) under the Department of Urban Development, GoJ is the implementing agency of the Project. JUIDCo is responsible for development of subprojects, and the ULB the maintenance. In case specific infrastructure investment(s) require specialized inputs not available within JUIDCO, then Special Implementation Agencies (SIAs) will be brought on-board who will work with JUIDCO towards subproject implementation such as Dhanbad road subproject where State Highways Authority of Jharkhand is the SIA.

To address the safeguard policy requirements, JUIDCo has prepared an ESMF following the requirements of category A project. The ESMF provides the technical guidance that describes procedures and institutional responsibilities for assessing and managing the potential environmental and social risks and impacts that may come up during implementation and throughout the sub-project cycle in compliance with country regulations and Bank safeguards policies. The ESMF has identified (a) key environmental and social issues/risks expected by the typology of sub-projects to be undertaken in water supply, drainage, sewerage, and urban roads; (b) provides a framework for subproject screening and categorization based on potential environmental and resettlement impacts; (c) stakeholder consultation and disclosure (d) specifies processes for conducting safeguards assessments of subprojects; and



necessary approvals (e) presents supervision and monitoring arrangements to ensure effective implementation of ESMP, RAP/ARAP/STPP in line with ESMF and also a provision for independent annual environment and social safeguards audit. ESMF along with RPF and STPF has specified the detailed surveys, consultation and assessments needed to ensure that these impacts and risks are avoided, minimized and compensated to meet the requirements of OP 4.01, OP4.12 and OP 4.10 through separate RAP/ARAP, STPP as well as Gender Action Plan and Labour Management Plan in the ESMFs. JUIDCo will follow the framework for all the activities including linked activities carried out for JMDP.

JUIDCo has also prepared Environmental and Social Impact Assessments (ESIAs) for the two known subprojects (Khunti Water Supply, Dhanbad Roads), which have been reviewed by the Bank. The ESIAs include ESMPs, which specifies (a) the environmental, social, health and safety (ESHS) management and monitoring requirements of the contractor as well as of JUIDCo during the sub project implementation phase (b) roles/responsibilities/staffing requirements and budget for ESMP implementation by both contractor and JUIDCo; (c) reporting requirements, permits, clearances and necessary capacity building measures for JUIDCo PIU, Contractor staff and ULB and (d) Application of WBG General EHS Guidelines, EHS Guidelines on Water and Sanitation and IFC, EBRD Worker Accommodation Standards. Separate ARAP for Khunti water supply and RAPs for Dhanbad roads is prepared to comply with RPF for the project and Bank's OP 4.12. The draft ARAP for Khunti and RAP for Dhanbad Road project is disclosed. About 0.02 ha of land is being acquired for Khunti water supply project to lay the raw water mains under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Right) Act 2006. A separate STPP is prepared and disclosed for Khunti to comply with STPF and Bank's OP 4.10.

Borrower capacity:

JUIDCo and the ULBs do not have any permanent in-built environmental or social management capacity. Capacity building on environment, health, safety and social management, aspects will therefore be an important component of the Project along with robust training plan for ESHS and a project management consultancy which will provide experienced environment and social specialists to support JUIDCo for safeguard management through the duration of the project. JUIDCo has demonstrated its commitment to environmental management and safeguard requirements of the Bank, by setting up a dedicated PMU and hiring environment and social specialists, who have been supporting the ESMF preparation process, but have limited experience in supervising contractors implementation of Environmental, Health, Safety and Social Management Plans (ESMP) in the field.

The project will also set up PIUs in the ULBs where investments will be implemented, which will comprise members of the ULB's engineering team, and safeguards specialists for environment and social management which will be hired. State Highways Authority of Jharkhand (SHAJ) shall support JUIDCO in executing Dhanbad Road sub project. SHAJ has prior experience of working with ADB and offer cross learning opportunity for JUIDCO. JUIDCO's capacity will be beefed up with the services of a project management consultant firm to support the PMU and PIU for meeting all safeguards and project management requirements of the proposed JMDP. A CSQC Consultant will conduct supervision will contain an Environment, Social, Health and Construction Safety Specialist dedicated to each subproject. The PMU environment and social specialists shall be fully responsible to ensure compliance with all environmental and social safeguards requirements in planning and implementation of project interventions following the legal and policy framework of GoI and the World Bank. Their capacity will be strengthened with regular training and orientation programs during implementation. While a dedicated environmental and social specialist in PMU are already on board, the safeguard specialists for the PMC and at the PIUs will be on board by implementation.



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

The ESMF involved a substantial consultation process, during the development of the documents, and on an advanced draft of the documents. The key stakeholders for the project include urban local bodies in Dhanbad, Khunti, Deoghar, Hussainabad and Basukinath; the state government agencies of Forest, Water Resources, Water and Sanitation Tribal Development, Irrigation. At the ULB level, Road Construction, Public health, traffic police and utility departments were also consulted, and NGOs. The minutes of these consultations and list of stakeholders consulted have been incorporated in the ESMF.

The ESIA reports were prepared with consultation with stakeholders, and local people directly / indirectly affected by the sub-projects, to ensure the environmental and social assessment, and other safeguard requirements be carried out in compliance with the social and environmental policies and procedures as specified by the Government of India and the World Bank Group safeguard policies. A disclosure workshop for the ESMF and ESIA was held in Dhanbad on 4 August, 2018, on the updated safeguards documents with SHAJ as the specialized implementing agency for Dhanbad Road subproject.

Each sub-project has an effective multi-level GRM to handle all grievances related to sub-project activities to ensure ongoing engagement with local communities on project related issues. As part of the implementation phase, JUIDCo, and the ULB will also carry out stakeholder consultations during implementation phase of sub projects, IEC campaigns to facilitate citizens' cooperation and feedback, put in place effective compliant handling mechanisms for labour and the public.

The draft ESMF, acceptable to the Bank has been approved and disclosed on the Urban Department <http://udhd.jharkhand.gov.in/Other/Notices.aspx> on 16 November 2017, with the executive summary, RPF and STPF translation in Hindi. Subsequent disclosure on Bank Infoshop was completed on 17 November 2017.

The draft ESIA, ARAP and STPP for Khunti Water Supply was reviewed and cleared by the Bank and disclosed on the borrower's webpage on 8 December 2017 at <http://udhd.jharkhand.gov.in/ulb/Khunti/Downloads.aspx>. An updated version of the safeguards reports with land acquisition status and disbursements arrangements shall be disclosed again prior to award of contract.

The Dhanbad Road (NCB 1 &2) packages ESIA, ESMP, RAP was disclosed on borrower webpage on January 11, 2017 and subsequently InfoShop disclosure was provided for all documents.

Following updating of the safeguards documents with SHAJ as the specialized implementing agency, and ULB level stakeholder workshop, they were re-disclosed on SHAJ webpages on 24 August, 2018 <http://jharkhand.gov.in/web/guest/shaj-documents?dc=notification&dp=SHAJ>

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of
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the EA to the Executive Directors

30-Oct-2017

17-Nov-2017

"In country" Disclosure

India

16-Nov-2017

Comments

Draft ESMF was disclosed on JUIDCo and UDD website on 16 November 2017. The ESIA and ESMP for Khunti was disclosed on 4 Dec.2017 and ESA and ESMP for Dhanbad Road was disclosed on 11 January, 2018.

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank

30-Oct-2017

Date of submission for disclosure

17-Nov-2017

"In country" Disclosure

India

16-Nov-2017

Comments

Draft Resettlement Action Framework was disclosed on JUIDCO and UDD website on 16 November 2017 as part of the ESMF package. Draft ARAP for Khunti was also disclosed on 4 Dec. 2017 and RAP for Dhanbad Road was disclosed in country on 11 January, 2018.

Indigenous Peoples Development Plan/Framework

Date of receipt by the Bank

30-Oct-2017

Date of submission for disclosure

17-Nov-2017

"In country" Disclosure

India

16-Nov-2017

Comments

Indigenous People Development Framework was disclosed on JUIDCO and UDD website on 16 November 2017 as part of the ESMF package. The STPP has also been prepared for Khunti water supply sub project and disclosed on 4 Dec. 2017



C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?

No

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?

No

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

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

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

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?

NA

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes



OP/BP 4.36 - Forests

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

Yes

Does the project design include satisfactory measures to overcome these constraints?

Yes

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

No

OP/BP 4.37 - Safety of Dams

Have dam safety plans been prepared?

NA

Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?

NA

Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?

NA

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

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



All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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APPROVAL

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