I. Project Context

Country Context
Since 1999, India has been embarking on a significant reform program in the Rural Water Supply and Sanitation (RWSS) sector due to recognition that a transformation was urgently required from a target based, supply-driven approach to a demand-based approach, where users get the service they want and are willing to pay for. The Government of India (GOI) has recently developed the new guidelines for rural water supply (National Rural Drinking Water Program) and sanitation (Nirmal Bharat Abhiyan- Clean India Campaign Program) programs which spell out the basic principles for reform in the RWSS sector. The support for decentralized service delivery approach follows the 73rd constitutional amendment of 1992, which introduced devolution of financial and decision-making powers to the three tier local governments, called the Panchayati Raj Institutions (PRIs).

Sectoral and institutional Context
The State of Uttarakhand has a population of 10 million as per 2011 census, of which more than 75% live in the rural areas, spread over the 7,562 GPs, in 16,623 villages and 39,967 habitations. At the start of the Uttarakhand Rural Water Supply Project, the state had only half of the habitations
categorized as fully covered (FC) with functioning water supply schemes, 38% as partially covered (PC), and about 12% as not covered (NC). The sanitation coverage was very low with over 75-80% of the rural population not having access to sanitary latrines. As a result, water related diseases have been a major health problem for the rural population, in particular, for infants and children. Data from existing water supply schemes at that time indicated that nearly 30% of the schemes showed a decreasing trend in the availability of water, especially during the summer months. This also causes the villagers to spend considerable amount of time in collecting water for domestic use, averaging 1-3 hours per day.

The IDA credit of US$120 million for the Uttarakhand Rural Water Supply and Sanitation Project (UKRWSSP) was approved on September 5, 2006 and became effective on November 30, 2006. The UKRWSSP follows a sector-wide approach for rural water supply and sanitation services across all thirteen districts of the State.

The UKRWSSP has been under implementation with satisfactory achievements of targets and milestones. As of September 30, 2013, the project has benefitted 1.19 million people in about 7,000 rural habitations in the 13 districts, against the project target of 1.20 million. The original project is expected to achieve the PDO by the closing date of June 16, 2014. The existing institutional structure under State Water and Sanitation Mission, including three sector implementing agencies (Uttarakhand Payjal Nigam-UJN, Uttarakhand Jal Sansthan-UJS, and Swajal PMU) and their district teams, has been effective in implementing the project.

Rationale for Restructuring with Additional Financing
The State of Uttarakhand was affected severely by flash floods and landslides in June 2013. A Joint Rapid Damage and Needs Assessment (JRDNA) carried out by the World Bank, the Asian Development Bank (ADB), and the GoUK from July 29 to August 07, 2013 at the request of the Department of Economic Affairs (DEA) estimated the cost of damage reconstruction to restore roads and bridges, urban and tourism infrastructure, rural water supply and sanitation, and improve disaster preparedness infrastructure to be US$661 million. The DEA, GoUK, ADB and the Bank have agreed on a framework for assistance in the disaster recovery and future risk reduction. IDA is providing a $250 million credit under the Uttarakhand Disaster Recovery Project to restore housing, rural connectivity, and increase the technical capacity of State entities to respond to future emergencies. The GoUK has requested additional IDA support to the on-going UKRWSSP to reconstruct and restore the partially damaged RWSS schemes due to the recent natural disaster (fully damaged RWSS schemes are being financed through other resources).

II. Proposed Development Objectives
The additional financing amends the project development objective of the parent project to address the disaster mitigation activities.

The original PDO “To improve the effectiveness of rural water supply and sanitation services (RWSS) through decentralization and increased role of Panchayati Raj Institutions and local communities in the state of Uttarakhand” is modified as follows:

“To improve the effectiveness of rural water supply and sanitation services (RWSS) through decentralization and increased role of Panchayati Raj Institutions and local communities in the state of Uttarakhand and restore services of damaged schemes in the disaster affected areas.”
Following are the components under the on-going UKRWSSP and the additional component D for RWSS Disaster Mitigation Activities:

Component A: RWSS Sector Development will support the state's sector reform process by establishing and enhancing its institutional capacity to implement, manage, and sustain the state's medium-term sector development program.

Component B: RWSS Infrastructure Investments aims to improve service and sustainable access to RWSS services by financing infrastructure and software investments: (i) investments in water supply schemes and catchment-area protection works, (ii) community mobilisation and development activities; and (iii) sanitation programs.

Component C: RWSS Program Management Support and M&E: (i) operational and administrative costs associated with the implementation of the sector-wide approach basket of the state's medium-term sector program; and (ii) monitoring and evaluation.

Component D: RWSS Disaster Mitigation Activities (New). This component will comprise of the following sub-components:

- Component D1: RWSS Sector Development (US$ 0.50 million). This sub-component will continue with IEC and capacity building of the sector institutions and Panchayati Raj Institutions (PRIs), along with sector studies, for managing and maintaining the reconstructed schemes.

- Component D2: Reconstruction and Restoration (US$ 18.79 million). This sub-component will finance the reconstruction and restoration of an estimated 2,622 damaged Single Village Schemes (SVS) and 579 Multi Village Schemes (MVS), 3,338 Individual Household Latrines (IHHLs), 3,328 soak pits and 41,770 meters of drains.

- Component D3: RWSS Program Management Support and M&E (US$ 8.57 million). This sub-component will support implementation and M&E arrangements.

### III. Project Description

**Component Name**
Component D2: Reconstruction and Restoration

**Comments (optional)**

**Component Name**
Component D3: RWSS Program Management Support and M&E

**Comments (optional)**

**Component Name**
Component D1: RWSS Sector Development

**Comments (optional)**
IV. Financing *(in USD Million)*

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V. Implementation

The UJN, UJS and Swajal PMU are the main implementing agencies steered through the State Water and Sanitation Mission (SWSM) and anchored within the Department of Drinking Water Supply. The Gram Panchayats and User Water and Sanitation Committees (UWSSCs) serve as grassroots management institutions. While UJN is an exclusive engineering and construction agency, UJS focuses O&M implementation of water supply schemes. The Swajal PMU, besides being a water supply construction agency, shoulders the full responsibility for sanitation throughout the state. The Swajal PMU also performs key apex functions for the sector, including: (a) Capacity Building; (b) IEC programs; (c) Water Quality Monitoring; and (d) M&E programs. Department of Drinking Water Supply and SWSM are responsible for overseeing the overall sector program in the State.

Similar institutional and implementation arrangements will be adopted for implementing the Component D on RWSS Disaster Mitigation Activities during additional financing period.

Extension of the Closing Date

The closing date will be extended from June 16, 2014 to June 30, 2015 to enable completion of all project related activities of additional financing.

Sustainability

GoUK has demonstrated its commitment and ownership of the proposed program through issuance of its 2012 vision statement, a series of GOs and cabinet approvals that support RWSS sector policy, and establishment of the SWSM/DWSMs. The other factors that are critical to the sustainability of the program objective are; (i) timely implementation of the envisaged institutional framework with new roles and responsibilities of the sector players; (ii) sufficient awareness and capacity building of the PRIs and UWSSCs to take over the responsibilities of WSS service delivery; (iii) appropriate change management efforts to shift the mindset of the sector institutions from service provider to facilitator; (iv) proper monitoring to ensure implementation of a consistent policy for all new investments; and (v) coordination with various departments to ensure integrated approach to service delivery.

VI. Safeguard Policies (including public consultation)

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Comments (optional)
The project has been assessed to be Category B. The widely consulted safeguard frameworks of the on-going project are adequate to mitigate and plan for any impacts of activities under the proposed additional financing.

VII. Contact point

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