Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 14-Feb-2017 | Report No: PIDISDSC19809
## BASIC INFORMATION

### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
<th>Project Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>P160862</td>
<td></td>
<td>Shimla Water Supply and Sewerage Project (P160862)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOUTH ASIA</td>
<td>May 31, 2018</td>
<td>Feb 20, 2018</td>
<td>Water</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Lending Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Project Financing</td>
<td>Government of India</td>
<td>Irrigation and Public Health</td>
</tr>
</tbody>
</table>

### Proposed Development Objective(s)

The project development objective (PDO) is to establish an accountable water service provider and enhance the quality of water supply and sanitation services in the Greater Shimla Area.

### Financing (in USD Million)

<table>
<thead>
<tr>
<th>Financing Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing Agency</td>
<td>17.00</td>
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<tr>
<td>International Bank for Reconstruction and Development</td>
<td>85.00</td>
</tr>
<tr>
<td><strong>Total Project Cost</strong></td>
<td><strong>102.00</strong></td>
</tr>
</tbody>
</table>

### Environmental Assessment Category

- **A-Full Assessment**

### Concept Review Decision

- **Track II-The review did authorize the preparation to continue**

Other Decision (as needed)
B. Introduction and Context

Country Context

India is emerging as the fastest growing economy in the world. India grew at an average rate of 8.3 percent per year between 2004 and 2011 despite the global financial crisis. After slipping in the year 2012-13 due to a combination of domestic and external factors including high inflation, the economy showed signs of turnaround and expanded by 7.3 percent in FY14-15 and about 7% in FY16-17.

Population growth will increase pressure on Water Supply and Sanitation (WSS) services. India’s rapid economic growth is accompanied by an unprecedented urban and spatial transformation. While the current level of urbanization in the country is around 31% (377 million people) as per the 2011 census, it is projected to increase to 50% or more over the next 20 years. There are huge development challenges to accommodate an additional 10 million urban dwellers per year and provide them with adequate urban services like water supply, sewerage, drainage, solid waste management and urban transportation in an environmentally sustainable way. It was estimated that the annual economic impacts of inadequate WSS in India was about 6.4 percent of India’s gross domestic product in 2006. Improving access to WSS services is therefore a development priority for India. Massive investment needs are outlined by various Finance Commissions, expert bodies and policies to facilitate the financing of urban infrastructure and services in a sustainable, equitable and accountable way. The High Powered Expert Committee estimates an investment need of around USD 600 billion over the next 20 year period (2012-2031). Given the urbanization related challenges, the Government of India (GoI) has made significant investments in the WSS sector across urban and rural areas and has shown continuous commitment through bringing in sector reforms, enhanced financial allocations, policy directions and actions for improving monitoring and reporting mechanisms in the sector. For urban areas, the Swachh Bharat Mission (SBM) Urban, SMART Cities, and AMRUT are the major schemes providing support to the WSS sector. These schemes also focus on institutional reforms and capacity building of key stakeholders besides providing support for infrastructure coverage.

Himachal Pradesh and Shimla. The proposed project is in Shimla, which is the capital city of the state of Himachal Pradesh (HP). The state of HP has a population of 7 million, with many perennial rivers flowing in the state, and hydroelectric power projects, tourism, and agriculture as major contributors to the state’s economy. Shimla is situated south of river Sutlej at an average altitude of 2,130 m above sea level. The administrative responsibilities reside with the Shimla Municipal Corporation (SMC), an elected body comprising 27 councilors and 25 wards. Today, Shimla city is rapidly expanding, with its economy largely driven by tourism as well as horticulture, trade, education and health services. Current population of the SMC area is about 180,000 plus an additional floating population of about 75,000. The population in Greater Shimla area is expected to rapidly increase from existing 0.3 million to 0.5 million by 2050. In addition, there is a huge tourist population all year round, but mostly adding to WSS demand during the peak summer season

Sectoral and Institutional Context

India WSS Sector Context. There has been substantial increase in coverage of piped water and sanitation facilities over the last two decades. About 71% of the urban population of India has access to piped water supply. However, the

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1 Water and Sanitation Program (2007). The Economic Impacts of Inadequate Sanitation in India. WSP: World Bank, Delhi

2 A High Powered Expert Committee (HPEC), set-up by the Ministry of Urban Development, Government of India, estimated an investment gap of INR 39.2 lakh crore (approx. USD 600 billion) for urban infrastructure services (water supply, sewerage and sanitation, solid waste management, and urban transport and roads) up to 2031.

3 Greater Shimla Area includes the SMC area and the Shimla peri-urban area comprising 30-40 Panchayats.
service performance has been inadequate. Hardly any Indian city receives piped water 24 hours a day. The Non-Revenue Water (NRW) due to leakages, unauthorized connections, and other inefficiencies, is estimated between 40-70% of the water distributed; and the operations and maintenance (O&M) cost recovery through user charges is 30-40%. About 81% of the urban population has access to adequate sanitation, however, many urban sanitation systems are not financially sustainable and do not serve the poorest. Very few cities have sewerage networks and fecal sludge management is a growing concern. Most households, forced to cope with poor quality water supply and sanitation services, spend time and money on expensive and unsafe substitutes. The poor quality of service particularly affects the poor, women and children, who bear higher coping costs by spending time collecting water and water borne illnesses directly impacting the family earnings.

In India, states are responsible for WSS services. Roles and responsibilities of different actors are typically unclear and/or overlapping. State WSS Departments set policies on quality of service and cost recovery, supply grant funds to Urban Local Bodies (ULBs), and act as regulators of the WSS services. At the same time, while ULBs are responsible for the WSS services as per the Constitution (74th Amendment) Act 1992, infrastructure is often developed by State WSS Engineering Agencies (SEAs). In most cases SEAs construct infrastructure that is handed over, once completed, to the ULBs who may or may not have the financial and technical capacity to manage those assets. This results in poor performance due to lack of clear lines of accountability with weak incentives to perform. In order to improve water and sanitation services to urban dwellers, WSS utilities and sector institutions need to be more decentralized, customer-focused, efficient, and accountable.

**WSS services in Shimla:** Piped water provided is the main source of supply to households and commercial establishments, other than tankers which are being increasingly used to meet the growing requirements. Currently, 79% population has access to piped water supply, with 22,461 domestic and 7,501 commercial service connections. In addition there are about 100 stand posts that serve the population without household connections. Water supply is provided for 1-2 hours, once in three days in the main city area, and lesser duration in the peri-urban areas. The piped water system in Shimla is more than 100 years old and consists of seven water supply schemes. The design capacity of the water supply schemes, drawing water from various rivulets and tributaries, is 65 MLD. The cost of services is high due to the need to pump water 1,400 meters up from its source. The actual supply has depleted to 40 MLD due to (a) reduction in water yield at the sources; (b) competing irrigation demands; and (c) deterioration in water quality. The water demand is expected to rise from an estimated 62 MLD at present to 106 MLD in 2050, based on a 30 year projection for Greater Shimla area. NRW is estimated at 40-50%, mainly due to the very old water supply system. Currently, domestic customers pay a flat rate of INR 275 (USD 4.13) per month, while commercial customers are fully metered and charged based on an Increasing-Block Tariff (IBT). Bills are issued quarterly to all customers with a collection efficiency of about 80%. O&M cost recovery is about 15-20%.

Sanitation access in Shimla consists of 14,500 sewer connections, serving about 60-70% of the population as one connection often serves more than one household. The sewerage system includes six Sewerage Treatment Plants (STPs) with a total treatment capacity of 36 MLD. However, these STPs only treat 9 MLD of waste water because i) many households are not yet connected to the sewer network, and ii) some areas cannot be connected to the STPs due to the geographic terrain. Most samples of effluent from the STPs fail to comply with the environmental standards. Customers pay a 30% sewerage surcharge on their water bills. The remaining 30 percent of the population of Shimla depend on septic tanks. The collection and treatment of fecal sludge is partial, which is a concern given the fast growing areas of Greater Shimla which do not have access to STPs.
Until 2016, the WSS services in the Greater Shimla Area were handled by three units with fragmented responsibilities: (i) the Shimla circle of the IPH department, responsible for providing treated bulk water and for treating sewage for the SMC area; (ii) the WSS department of the SMC, responsible for distribution of treated water and collection of wastewater within SMC limits; and (iii) a peri-urban division of IPH, responsible for WSS in the areas outside the SMC limits.

In late 2015 and early 2016, about 6,000 people in Shimla were infected with Hepatitis ‘e’ virus due to a series of jaundice outbreaks. The outbreak resulted in deaths of 30 persons. The outbreak forced the Government of HP (GoHP) to review the deteriorating WSS situation in Shimla. The outbreak especially focused attention on the low reliability of water services, leading to poor water quality, and on sanitation and hygiene.

In 2016, the GoHP established the Greater Shimla Water Supply and Sewerage Circle (GSWSSC), referred as the Shimla WSS Department (SWSSD) to reduce the fragmentation of responsibilities. GSWSSC was established as a ‘ring-fenced’ department within the SMC through a Government Order with the responsibility for water supply (bulk and distribution) and sanitation. Staff has been seconded by IPH to SWSSD. A separate bank account has been created for SWSSD. A Memorandum of Understanding (MOU) is being drafted to formalize and to detail the institutional arrangements and roles and responsibilities. These changes will introduce a substantial degree of autonomy and accountability for WSS operations.

As part of its immediate WSS service improvement program, the SWSSD has identified three demo zones (approximately 10% of customer base) to deliver 24/7 supply, financed through AMRUT / GoHP budget. The demo zones will include the development of a customer database, and the introduction of a new volumetric billing and collection system. These demo zones will deliver the service delivery targets and will help the SWSSD to learn about the willingness to pay, coping mechanisms, health impacts and new organizational approaches to network management.

Improving water supply and sanitation in Shimla will require addressing institutional issues and investing in infrastructure in parallel. On the institutional side, SMC will need to develop the recently established SWSSD into a professional utility. Although staff for the primary processes has been transferred and management has been appointed, the utility basically needs to be built from scratch. This is a unique opportunity to shape SWSSD as a modern self-sustaining utility. Along with developing the utility, capacity also needs to be built with other institutions related to SWSSD, including SMC and IPH. Meeting the population’s demand for WSS services will also require expansion of infrastructure and improvement in network management. Achieving 24/7 water supply will require developing new water sources, increasing treatment capacity, and expanding coverage. High NRW levels can only be reduced by rehabilitation of the overaged pipe network and water loss management. Similarly, the sewerage network have to be extended to increase the number of connected households in the main city area. The capacity of STPs might also need to be increased to match the volume of wastewater collected. Lastly, improved fecal sludge management systems will need to be established for the peri-urban areas to decrease health risks.

Relationship to CPF

The proposed program is fully aligned with the Bank’s Country Partnership Strategy (CPS) 2013-2017 for India. It supports the CPS’s “Strategic Engagement Area 2 (Transformation)” whose outcome 2.3 focuses on making India’s cities more livable by strengthening governance and institutional arrangements for WSS services, piloting service delivery models that are efficient, accountable and customer oriented, and improving financial sustainability of providers. In accordance with these objectives, the project will help establish an independent, accountable and customer oriented

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4 Hepatitis ‘e’ virus was confirmed by the National Institute of Virology, Pune.
water utility in Shimla, which will operate based on principles of efficiency and cost recovery. Once established, this utility, its institutional arrangement and operating practices can serve as a case example for other regions in India. The Project will support two of the three CPS’s overarching goals of reducing poverty and increasing shared prosperity. Improving water supplies from intermittent to continuous supply enables productive use of time otherwise spent on collecting water, particularly benefiting women and children. In addition, the improved water quality derived from a continuous piped supply reduces the vulnerability of poor households and improves their living standard by reducing health costs and lost income resultant from water-related illnesses.

C. Proposed Development Objective(s)

The project development objective (PDO) is to establish an accountable water service provider and enhance the quality of water supply and sanitation services in the Greater Shimla Area.

Key Results (From PCN)

Following set of indicators will be used to measure progress towards the PDO:

(i) Direct project beneficiaries (number), of which female beneficiaries (percentage). (Core Indicator)
(ii) Improvements in operating cost recovery (percentage) (Custom Indicator)
(iii) Number of people receiving a continuous (24X7) water supply. (Custom Indicator)
(iv) Customers satisfied with water supply and sewerage services (percentage) (Custom Indicator)
(v) People provided with access to improved sanitation facilities under the project (number). (Core Indicator)

D. Concept Description

The proposed project would support a common WSS program for Greater Shimla Area (irrespective of sources of financing), comprising GoHP, GoI AMRUT, and World Bank financing. The Shimla Water Supply and Sewerage Project (SHWSSP) will support the augmentation, rehabilitation and extension of the WSS system to meet the growing needs of Greater Shimla Area, aiming at universal coverage with 24/7 metered supply, NRW reduction program for addressing physical and financial losses, including computerized customer database, billing and collection systems, grievance redressal systems, etc. The project would also support on-site and off-site sanitation, including increasing house sewerage connections and fecal sludge management, rehabilitation and extension of sewer network and the rehabilitation/optimization of the STPs. The infrastructure activities will be supported by an institutional development program to build capacity of and shape the institutional structure of the recently created SWSSD. A result based approach will be considered during project preparation.

Scope of the Project

Following are the preliminary components
Component 1: WSS Infrastructure Improvement Program USD 87 million (85% project funds)
This component will focus on investments in water supply and sanitation. These investments will be prioritized based on an assessment of existing facilities and demand projections during project preparation. Based on current available information, the component will include two sub-components:

a) Water Supply (bulk and distribution): This sub-component would support a combination of infrastructure and efficiency improvements. This would include the augmentation of bulk water supply including possibly through the potential development of additional bulk water supply from the Kol dam (depending on the analysis during project preparation) and rehabilitation of existing WTPs. In addition, the water transmission system would be enhanced through capacity expansion, technology upgrading, and efficiency improvements. The sub-component would also support the rehabilitation and extension of water supply distribution system to meet the growing demand in the Greater Shimla Area. Activities would include the rehabilitation and expansion of distribution grid and additional storage tanks, installation of a SCADA system, and a NRW reduction program.

b) Sanitation Program: This component would support both off-site and on-site sanitation. Support would be provided to extension of sewerage network and rehabilitation of existing STPs. A number of small decentralized treatment systems are also planned for peri-urban Shimla area under various GoHP programs due to Shimla’s topography (subject to confirmation during preparation). The project would also support the roll out of a fecal sludge management program, including establishing a professional operator for collection and safe disposal of fecal sludge.

Component 2: Sector Development and Capacity Building USD 10 million (10% project funds)
This component will support sector development, including establishing the WSS utility, improving operational efficiency, and building capacity. It will support the development and strengthening of the SWSSD. A roadmap for the institutional development path of SWSSD will be developed during project preparation and might include an evolution from a department to a ring-fenced professional public utility or a company/corporate entity, as well as the hiring of a professional operator to support SWSSD as a partner in its transformation process. The professionalization and modernization of the utility will also require training of staff. Operational efficiency improvements would focus on transition to 24/7 supply through production and network management along with an integrated approach to reduce NRW, including metering and billing of all customers based on volumetric tariffs. The component would also support improved operation of the sewerage system and fecal sludge management programs.

Component 3: Project Management Support by SWSSD USD 5 million (5% project funds)
This component will strengthen the SWSSD to manage the project through WSS sector experts, including technical, institutional, environment, social, financial, procurement, and other experts.

Approach
The GoHP is interested in the use of a performance-linked financing approach to incentivize that infrastructure is delivered on time and within budget, and that assets translate in better services to customers. A result based approach will be considered during project preparation using incentive grants linked to defined deliverables within the IPF. Given the relatively weak capacity and public nature of service provision, it is likely that an incentive based, rather than an incentive and penalty based, scheme may be most appropriate. Such a scheme would be based on a business plan agreed by the State, SMC and SWSSD. The following elements of service delivery improvements could be incentivized:

i. Project Implementation (Investment program): Two options: (a) GoHP can provide incentive grants for delivery of the business plan’s investment program on time and within budget and (b) GoHP can provide CAPEX funds for expansion of SWSSD based on delivery of the business plan’s investment program - net of system expansions. In the first case the grant could be used to reward staff for their good performance. In the second case the incentive fund can provide financing for system expansion.

ii. Service delivery (Operational deliverables): Use of ‘incentive grant’ as a reward linked to operational deliverables in the business plan related to 24/7 supply, NRW reduction, increase in O&M cost recovery,
customer satisfaction, and compliance with water quality norms. Such performance grants may be more staff rewards and capacity building programs.

iii. **Private Sector Model**: In the event that a private operator is hired to manage the system, incentives could be provided through ‘operator fees’, which depends on meeting an agreed profile of performance improvement.

### SAFEGUARDS

#### A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will be implemented within Shimla city as well as the Greater Shimla Area, the capital of the state of Himachal Pradesh in India. The Greater Shimla Area is located south of river Sutlej, at an average altitude of 2,206 m and extends along a ridge with seven spurs. The city of Shimla stretches nearly 9.2 km from east to west. The city is a Zone IV (High Damage Risk Zone) per the Earthquake hazard zoning of India. The green belt in the Shimla planning area is spread over 414 hectares. There are forests in and around the city comprising of pine, deodar, oak and rhododendron. Environmental degradation could affect Shimla’s appeal as an ecotourism spot. Another rising concern in the region are the frequent number of landslides that often take place after heavy rains.

While the installed capacity of the water supply schemes, drawing water from seven sources of various rivulets and tributaries is suffering from reduction in water yield at the sources and deterioration in water quality, the city also suffered from a series of jaundice outbreaks which has caused GoHP to close one of the major sources of water supply.

The project is likely to support the construction of a new water intake from the Kol Dam (160m height) on the Sutlej River (which is an international waterway) and the water treatment plant proposed on forest land. Sustainable and efficient use of the water supply sources would be an important aspect of environmental management to be analyzed for the project. The proposed water supply and wastewater treatment rehabilitation would also lead to positive improvements in the quality of water delivered to the consumers (due to reduced cross contamination and leakages, adequate sludge and septage management practices) and associated health improvements (due to reduced incidences of water borne diseases). The issue of wastewater management also is an important aspect in the context of improved (24/7 access to water supply) facilities and associated wastewater generation in the project areas. Shimla also has scheduled tribes population of 1%, but dispersed across locations including within urban areas. Many of the project investments are likely to be located within densely populated urban areas while other infrastructure such as sewerage and bulk water supply pipelines (from existing Kol Dam) are proposed through the government lands and forest areas. This general information confirms that the territory for the proposed works under the project

#### B. Borrower’s Institutional Capacity for Safeguard Policies

GoHP has designated an executive engineer from the Shimla Municipal Corporation and the Special Secretary for Irrigation and Public Health department to oversee the preparation of the ESIA. The Shimla Municipal Corporation will also be drawing support from a project management consultancy (TCE) in the coming months, where an environment expert has been incorporated as part of the core team. However, as part of project preparation it is proposed that SWSSD has two permanent positions to manage Social and Environment within the PMU. As this is the first World Bank financed investment for the SWSSD, its safeguards management capacity would need to be strengthened to plan and manage infrastructure assets created under the project. The project, through the safeguards instruments, will put in place a
capacity building program for the Shimla Municipal Corporation and stakeholders to ensure successful implementation of the ESIA, Environment Management Plans (EMPs), Resettlement Action Plans (RAPs) and Indigenous Peoples Development Plans (IPDPs, if applicable) and compliance with the Bank’s safeguards policies. The Shimla Municipal Corporation is also in the process of augmenting their internal capacity, and is proposing to establish a utility for management of water supply and wastewater for the Greater Shimla Area.

Another aspect specifically in respect of land take is a relevant notification issued by IPH, GoHP that lays downs principles for land take and also includes purchase by ‘negotiations with owners’ for facilities such as Water Storage Tanks, Sewerage Treatment Plan, Pump House and associated facilities. The notification that has been operational since August 2015 has enabled shortening the duration of land take processes for such facilities to around 3-4 months.

The exact arrangements for the safeguard management for the implementation phase will be finalized during the course of project preparation and will depend on the type of institutional model to manage the various schemes in the construction and operation phases.

### C. Environmental and Social Safeguards Specialists on the Team

Gopalaswamy Srihari, Marcelo Hector Acerbi

### D. Policies that might apply

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
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</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>The Project has been classified as a Category A following the Environmental Assessment safeguard policy (OP4.01), in consideration of the impacts and mitigation programs needed as part of the construction and rehabilitation of large scale infrastructure which are anticipated to be funded under the project. In addition to this, the categorization process takes into account: (i) the social and environmental sensitivities of the project area, and (ii) the local capacities. The client will prepare an Environmental and Social Assessment, including the Environmental and Social Management Plans before appraisal. The screening process undertaken at concept stage highlighted salient features. The specific locations for infrastructure have been or will be identified by appraisal. The nature of investments would be largely construction and rehabilitation of basic infrastructure systems. The main potential direct impacts include (a) improper disposal of sludge and sewage, (b) adverse impacts on water quality, (c) improper siting and location of infrastructure, and (d) inadequate...</td>
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management of environmental issues and maintenance of the facilities created. The ESIA will determine other indirect or cumulative impacts related to the combined effect of works during the construction and operation phases.

As the project will be implemented in environmentally and socially sensitive areas, some critical baseline conditions raise the level of risk of the project. The city has already had incidence of water borne disease outbreak this year due to improper management of wastewater. Source intake involves very high energy pumping cost due to a 1,400 meters gradient. High level geotechnical investigations would be required for the bulk water supply alignment as the terrain is hill slopes and there is seismic activity. Some issues requiring more detailed investigations include (i) existing water source sustainability, (ii) dam safety measures and (iii) disposal sites for sludge and septic waste for the sewerage projects.

<table>
<thead>
<tr>
<th>Natural Habitats OP/BP 4.04</th>
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<tbody>
<tr>
<td>The alignment of different project components as well as its ancillary part could affect natural habitats. This impact will be confirmed and analyzed as part of the ESIA and the avoidance, mitigation and potential compensation measures will be included as part of the EMP. ESIA will include the identification and characterization of natural habitats in the Project’s area of influence and will determine the associated impacts. Preservation of natural habitats is a priority as part of the HP Environmental Master Plan.</td>
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<tr>
<th>Forests OP/BP 4.36</th>
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<tr>
<td>This policy is triggered because, based on the information provided at concept stage, the proposed WTP site is on 20 ha of forest land. In addition, some subprojects could affect small fractions of native forest area in the locations of the wastewater treatment plants. In these cases the ESIA to be undertaken for each future subproject will analyze this issue in depth, and the EMP will determine the specific management measures and eventual compensation measures. If the relevant forest were to involve natural habitats, these would be analyzed as per the requirements of OP 4.04.</td>
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<tr>
<th>Pest Management OP 4.09</th>
<th>No</th>
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<tbody>
<tr>
<td>This policy is not triggered because this Project will not make use of pesticides and will not induce the use of them in other activities.</td>
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<table>
<thead>
<tr>
<th>Physical Cultural Resources OP/BP 4.11</th>
<th>Yes</th>
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<tr>
<td>The nature of the activities involved during the</td>
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construction of the WSS rehabilitation and augmentation and the cultural features of the region are two key aspects that justify triggering of this policy. Shimla is home to a number of buildings that are protected structures and are styled in the Tudor-Bethan and neo-Gothic architectures dating from the colonial era, as well as multiple temples and churches. The colonial architecture and churches, the temples and the natural beauty of the city, attract a large number of tourists. The major attractions include the Viceroy Lodge, the Christ Church, the Jakhu Temple, the Mall Road and the Ridge, which together form the city centre. The Kalka–Shimla Railway line built by the British, a UNESCO World Heritage Site, is also a major tourist attraction. This defines a sensitive baseline. The definition of the area of influence as part of the ESIA preparation will determine if such sites are exposed to Project’s impacts. The EMP will include specific management and preservation measures in line with the policy requirements and the local legislation.

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<tr>
<th>Indigenous Peoples OP/BP 4.10</th>
<th>TBD</th>
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<tr>
<td>The project area has Scheduled Tribe population of 1%, though dispersed, could be present in locations wherein investments are proposed. Screening exercise undertaken as part of ESIA study would help identify the presence of Indigenous Peoples in, and their dependence, if any, on forest areas, where infrastructure such as laying of water supply and sewerage pipelines are proposed. If their presence is identified, IPDPs would be prepared for components whose locations are known prior to appraisal. An IPPF would be prepared if locations are unknown by appraisal.</td>
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<tr>
<th>Involuntary Resettlement OP/BP 4.12</th>
<th>Yes</th>
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<tbody>
<tr>
<td>At present all locations are not fully specified for the proposed investments. While government land is available at some locations, taking of private land is envisaged at other locations. Exact locations would be known once the DPR for the schemes are fully ready. Pre-construction and construction stage adverse social impacts on communities owning private land and on those living on the public/government of a permanent or temporary nature are envisaged, particularly as certain project locations within urban areas are densely populated. SIA, RAP/ARAP shall be prepared for investments whose locations are known by appraisal and a RPF would be prepared for</td>
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The proposed water source for the water related works is dependent on Kol dam (160m height). Therefore, the Project will rely on the performance of this existing dam, drawing water directly from its reservoir. A failure of this upstream dam could cause extensive damage to or failure of the projected Bank-funded structures, and water supply projects that will depend on the storage and operation of this dam. The Project will conduct the safety of dams due diligence required by this Bank policy in order to confirm that the Project will rely on safe dam structures and performance. The EMP prepared as part of the EIA will include the results of this due diligence and will adopt the measures and recommendations that were eventually necessary to improve safety and performance conditions of the Kol dam.

OP 7.50 is applicable since the proposed project will finance investments involving water supply, sewerage and rehabilitation of STPs that will be carried out in the watersheds of the Sutlej River. A key infrastructure component of the project will be 65 MLD bulk water supply scheme from Kol Dam reservoir which is located on the river Sutlej and belongs to a transboundary watershed.

**E. Safeguard Preparation Plan**

**Tentative target date for preparing the Appraisal Stage PID/ISDS**

**Oct 31, 2017**

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The terms of reference for the Environment and Social Impact Assessment (ESIA) is being finalized by SWSSD and the consultants are expected to be in place by March 2017. The final drafts of the ESIA, including Environment Management Plan (EMP), Resettlement Action Plan (RAP)/Abbreviated Resettlement Action Plan (ARAP) (and Resettlement Policy Framework, Indigenous Peoples Development Plan (IPDP)/Indigenous Peoples Planning Framework (IPPF) if applicable)) should be completed by end August/September 2017. This will include the in-country consultation and disclosure processes.
CONTACT POINT

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Country Director: Luc Lecuit 28-Mar-2017