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R2018-0255/1

November 21, 2018

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<p><b>Closing Date: Wednesday, December 12, 2018 at 6:00 p.m.</b></p>
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FROM: Vice President and Corporate Secretary

**India - Jharkhand Municipal Development Project**

**Project Appraisal Document**

Attached is the Project Appraisal Document regarding a proposed loan to India for a Jharkhand Municipal Development Project (R2018-0255), which is being processed on an absence-of-objection basis.

Distribution:

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Report No: PAD2424

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$147 MILLION

TO THE

REPUBLIC OF INDIA

FOR A

JHARKHAND MUNICIPAL DEVELOPMENT PROJECT

November 19, 2018

Social, Urban, Rural And Resilience Global Practice  
South Asia Region

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**CURRENCY EQUIVALENTS**  
(Exchange Rate Effective October 4, 2018)

Currency Unit = Indian Rupees (INR)

INR73.685 = US\$1

US\$1.38 = SDR1

**FISCAL YEAR**  
April 1 – March 31

**ABBREVIATIONS AND ACRONYMS**

ADB	Asian Development Bank
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
ARAP	Abbreviated Resettlement Action Plan
BCR	Benefit-Cost Ratio
CFC	Central Finance Commission
CPR	Common Property Resource
CSQC	Construction Supervision and Quality Control
DBOT	Design-Build-Operate-and-Transfer
DMA	Directorate of Municipal Authority
DPR	Detailed Project Report
DS	Direct Selection
EHS	Environmental, Health, and Safety
EIRR	Economic Internal Rate of Return
ERP	Enterprise Resource Plan
ESHS	Environment, Social, Health, and Safety
ESIA	Environment and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
GeM	Government e-Marketplace
GoI	Government of India
GoJ	Government of Jharkhand
GRC	Grievance Redress Cell
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
GSDP	Gross State Domestic Product
IRC	Indian Roads Congress
IUFR	Interim Unaudited Financial Report
JMDP	Jharkhand Municipal Development Project
JUIDCO	Jharkhand Urban Infrastructure Development Company
M&E	Monitoring and Evaluation

MoHUA	Ministry of Housing and Urban Affairs
MTR	Mid-term Review
NCB	National Competitive Bidding
NCP	National Competitive Procurement
NIC	National Informatics Centre
O&M	Operation and Maintenance
OM	Operations Manual
PAPs	Project-Affected Persons
PDO	Project Development Objective
PIU	Project Implementation Unit
PMC	Project Management Consultant
PMU	Project Management Unit
PPP	Purchasing Power Parity
PPSD	Project Procurement Strategy Development
RAP	Resettlement Action Plan
RFQ	Request for Quotation
RPF	Resettlement Policy Framework
RSC	Reforms Support Consultant
SAPCC	State Action Plan on Climate Change
SC	Scheduled Caste
SHAJ	State Highways Authority of Jharkhand
SIA	Specific Implementing Agency
SORT	Systematic Operations Risk-Rating Tool
ST	Scheduled Tribe
STPPF	Scheduled Tribe Participation Policy Framework
SUDA	State Urban Development Authority
STEP	Systematic Tracking of Exchanges in Procurement
STPP	Scheduled Tribe Participation Plan
TA	Technical Assistance
ToC	Theory of Change
TPIA	Tri-partite Implementation Agreement
UDHD	Urban Development and Housing Department
ULB	Urban Local Body

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**BASIC INFORMATION**

Country(ies)	Project Name	
India	Jharkhand Municipal Development Project	
Project ID	Financing Instrument	Environmental Assessment Category
P158502	Investment Project Financing	A-Full Assessment

**Financing & Implementation Modalities**

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
12-Dec-2018	31-Oct-2025

Bank/IFC Collaboration

No

**Proposed Development Objective(s)**

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

**Components**

Component Name	Cost (US\$, millions)
Component 1: Urban Infrastructure Improvement	174.60



Component 2: Institutional Development	20.00
Component 3: Project Management & Implementation Support	15.00
Front End Fee	0.40

**Organizations**

Borrower: Republic of India  
 Implementing Agency: Urban Development and Housing Department, Government of Jharkhand

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	210.00
<b>Total Financing</b>	210.00
<b>of which IBRD/IDA</b>	147.00
<b>Financing Gap</b>	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

**Expected Disbursements (in US\$, Millions)**

WB Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026
<b>Annual</b>	28.00	21.00	28.00	29.00	30.00	7.00	4.00	0.00
<b>Cumulative</b>	28.00	49.00	77.00	106.00	136.00	143.00	147.00	147.00



**INSTITUTIONAL DATA**

**Practice Area (Lead)**

Social, Urban, Rural and Resilience Global Practice

**Contributing Practice Areas**

Governance, Water

**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

**Gender Tag**

**Does the project plan to undertake any of the following?**

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

**Risk Category**

**Rating**

1. Political and Governance

● Moderate

2. Macroeconomic

● Low

3. Sector Strategies and Policies

● Moderate

4. Technical Design of Project or Program

● Moderate

5. Institutional Capacity for Implementation and Sustainability

● Substantial

6. Fiduciary

● Substantial

7. Environment and Social

● Substantial

8. Stakeholders

● Moderate

9. Other

10. Overall

● Substantial



**COMPLIANCE**

**Policy**

Does the project depart from the CPF in content or in other significant respects?

Yes  No

Does the project require any waivers of Bank policies?

Yes  No

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	✓	
Performance Standards for Private Sector Activities OP/BP 4.03		✓
Natural Habitats OP/BP 4.04	✓	
Forests OP/BP 4.36	✓	
Pest Management OP 4.09		✓
Physical Cultural Resources OP/BP 4.11	✓	
Indigenous Peoples OP/BP 4.10	✓	
Involuntary Resettlement OP/BP 4.12	✓	
Safety of Dams OP/BP 4.37	✓	
Projects on International Waterways OP/BP 7.50		✓
Projects in Disputed Areas OP/BP 7.60		✓

**Legal Covenants**

Sections and Description

Name: Jharkhand Urban Infrastructure Development Company's (JUIDCO's) Board of Directors

Recurrent: Yes

Due Date: N/A

Frequency: Throughout Implementation

Description of Covenant: Jharkhand shall cause Jharkhand Urban Infrastructure Development Company (JUIDCO) to maintain oversight over the Project through JUIDCO's Board of Directors, which shall be responsible for providing high-level guidance, facilitating inter-governmental coordination, reviewing Project's annual budgets, and ensuring timely allocation of counterpart funding.

Sections and Description



Name: JUIDCO Project Management Unit (PMU) & City-Level Project Implementation Units (PIUs)

Recurrent: Yes

Due Date: N/A

Frequency: Throughout Implementation

Description of Covenant: JUIDCO to maintain: (i) maintain a Project Management Unit (PMU) to carry out the overall implementation, procurement, financial management, safeguard monitoring and reporting activities under Part 1 [except as delegated to the Specific Implementation Agencies (SIAs)], Part 2 [(as assisted by State Urban Development Authority (SUDA)] and 3 of the Project, as per the Operations Manual (OM); and (ii) establish (prior to carrying out a subproject) and maintain a Project Implementation Unit in the selected city and/or urban area in which the subproject is located, to be responsible for the day to day implementation of the respective subproject.

#### Sections and Description

Name: SUDA's Reforms Management Unit

Recurrent: Yes

Due Date: N/A

Frequency: Throughout Implementation

Description of Covenant: Jharkhand to ensure that SUDA maintains a Reforms Management Unit responsible for the day to day implementation and monitoring of Part 2 of the Project, except for procurement and financial management activities which shall remain under the purview/responsibility of JUIDCO's PMU.

#### Sections and Description

Name: Project Management Consultant

Recurrent: Yes

Due Date: 3 months after effectiveness

Frequency: Throughout Implementation

Description of Covenant: JUIDCO to select and engage the services of a Project management firm responsible for: (a) quality control during the design and implementation of subprojects; (b) preparing and screening subproject pipeline; (c) appraising applications received from ULBs for the financing of subprojects; (d) identifying potential subprojects for preparation; (e) ensuring compliance with safeguard documents; and (f) setting up the Project's reporting systems.

#### Sections and Description

Name: Internal Audit

Recurrent: Yes

Due Date: 6 months after effectiveness

Frequency: Throughout Implementation

Description of Covenant: JUIDCO to select and engage the services of one or more consulting firm(s) in order to carry out the internal audits for the project (including financial management performance, procurement process and decision, and contract administration).



Sections and Description

Name: Construction Supervision and Quality Control Consultant

Recurrent: Yes

Due Date: 3 months after effectiveness

Frequency: Throughout Implementation

Description of Covenant: JUIDCO to select and engage the services of a construction supervision and quality control consultant to assist JUIDCO PMU in reviewing the construction management procedures adopted by the contractors/operators financed under the Project and ensure quality assurance of construction arrangements and compliance with safeguard documents.

Sections and Description

Name: Reforms Support Consultant

Recurrent: Yes

Due Date: 1 year after effectiveness

Frequency: Throughout Implementation

Description of Covenant: JUIDCO to select and engage the services of a reforms support consultant to provide technical support to SUDA in the implementation of activities under Part 2 of the Project.

Sections and Description

Name: Subproject Screening

Recurrent: Yes

Due Date: N/A

Frequency: Throughout Implementation

Description of Covenant: Jharkhand to cause JUIDCO to: (i) select ULBs and their respective subprojects as per the ULB and subproject eligibility criteria and selection procedures set forth in the Operations Manual and the Safeguard Documents, and (ii) determine if the subproject shall be implemented by JUIDCO or an SIA.

Sections and Description

Name: Special Implementation Agencies (SIA)

Recurrent: Yes

Due Date: N/A

Frequency: Throughout Implementation

Description of Covenant: In the event JUIDCO's Board of Directors decides that a subproject be implemented by a SIA, Jharkhand to cause JUIDCO to: (a) submit all subproject screening document and/or additional information required by the Bank for the Bank to appraise that SIA; and (b) obtain the Bank's written no-objection to such delegated implementation by the suggested SIA.

Sections and Description



Name: Subproject Agreement

Recurrent: Yes

Due Date: N/A

Frequency: Throughout Implementation

Description of Covenant: Prior to commencing any civil works under any subproject, JUIDCO to enter into a Subproject Agreement with the respective ULB and, if applicable, the implementing SIA, under terms and conditions set forth in the Operations Manual.

Sections and Description

Name: Safeguard Documents

Recurrent: Yes

Due Date: N/A

Frequency: Throughout Implementation

Description of Covenant: Jharkhand to cause JUIDCO (and JUIDCO to cause the SIAs and ULB) to carry out the subprojects in accordance with the Environment and Social Management Framework (ESMF), [including the Resettlement Policy Framework (RPF) and Scheduled Tribe Participation Plan Framework (STPPF)], the Dam Safety Plan, and the Environment and Social Management Plan (ESMP), Resettlement Action Plan (RAP) and Scheduled Tribe Participation Plan (STPP) as applicable, prepared or to be in accordance with the ESMF.

Sections and Description

Name: Operations Manual

Recurrent: Yes

Due Date: Effectiveness

Frequency: Throughout Implementation

Description of Covenant: Jharkhand to cause JUIDCO to prepare and adopt an Operations Manual satisfactory to the Bank and thereafter implement (or cause the SIAs to implement) the activities under the Project in accordance with the arrangement and procedures set out in the Operations Manual.

Sections and Description

Name: Subproject Screening

Recurrent: Yes

Due Date: N/A

Frequency: Throughout Implementation

Description of Covenant: Prior to issue invitations to bid for civil works under any subproject, Jharkhand to cause JUIDCO and/or the respective SIA, to: (a) screen the subproject in accordance with the ESMF; (b) take all necessary actions to avoid displacing people and limit/mitigate any environmental; (c) whenever required, prepare and adopt the respective ESMP, RAP, and STPP in a manner and substance satisfactory to the Bank; and (d) publicly disclose the safeguard documents, in local languages, at the relevant subproject sites for at least 30 days.



Sections and Description

Name: Government Permits/Clearances

Recurrent: Yes

Due Date: N/A

Frequency: Throughout Implementation

Description of Covenant: Jharkhand shall cause JUIDCO, and JUIDCO shall ensure and cause the SIA to ensure that, prior to commencing any civil works under any subproject: (a) all necessary governmental permits and clearances for such civil works shall have been obtained; (ii) all pre-construction conditions imposed by the governmental authority/ies shall have been complied with/fulfilled; and (c) all resettlement measures for the respective Subproject set forth in the RAP shall have been fully executed (including payment of full compensation and/or provision of relocation assistance to displaced persons) as per entitlements.

Sections and Description

Name: Contractors' Social & Environmental Compliance

Recurrent: Yes

Due Date: N/A

Frequency: Throughout Implementation

Description of Covenant: Jharkhand to cause JUIDCO to, and JUIDCO to cause SIAs to, ensure that each contract for civil works under any subproject includes the obligation of the relevant contractor to comply with the relevant Safeguard Documents applicable to the respective civil works commissioned/awarded pursuant to said contract.

Sections and Description

Name: Grievance Redress Mechanism

Recurrent: Yes

Due Date: N/A

Frequency: Throughout Implementation

Description of Covenant: Jharkhand to cause JUIDCO to: (i) maintain and operate a multi-tier grievance redress mechanism for the handling of any stakeholder complaints arising out of the implementation of the Project, in accordance with the Operations Manual; and (ii) establish (or cause the SIA to establish) within one month of approval of any subproject for financing, a freely accessible subproject-level grievance redress system to serve as the first ties of the foregoing grievance redress mechanism, in accordance with the Operations Manual.

Sections and Description

Name: Safeguards Monitoring & Evaluation (M&E) Protocol, and Quarterly Safeguard Reports

Recurrent: Yes

Due Date: N/A

Frequency: Quarterly

Description of Covenant: Jharkhand to cause JUIDCO to: (i) maintain monitoring and evaluation protocols and



record keeping procedures adequate to supervise and assess the implementation of/compliance with the Safeguard Documents and the achievement of their objectives; and (ii) furnish to the Bank quarterly reports on general Project compliance with the Safeguard Documents, the social and environmental impact of Project activities, and the results of the mitigation or benefit-enhancing measures applied thereto.

Sections and Description

Name: Sexual Harassment Committees

Recurrent: Yes

Due Date: N/A

Frequency: Throughout

Description of Covenant: Jharkhand to cause JUIDCO (and JUIDCO to cause the SIA and participating ULBs) to establish one week prior to the award of contracts for any civil works under a subproject and thereafter maintain, their respective internal complaint committees mandated by the India's Sexual Harassment for Women at Workplace (Prevention, Prohibition and Redressal) Act.

Sections and Description

Name: Ineligible Expenditures

Recurrent: Yes

Due Date: N/A

Frequency: Throughout implementation

Description of Covenant: Jharkhand and JUIDCO to finance out of their own resources: (a) land acquisition; (b) any compensation, resettlement and rehabilitation payment to displaced persons; (c) interests during construction; (d) any retention money deducted from contract payments and not release by Closing Date; or (e) any expenditures objected by auditors, out of their own.

Sections and Description

Name: Dam Safety Screening & Dam Safety Plans

Recurrent: Yes

Due Date: N/A

Frequency: Throughout implementation

Description of Covenant: Prior to JUIDCO's approving the financing of a subproject relying on an existing dam, if and as determined by the Bank, Jharkhand and/or JUIDCO shall: (i) arrange for one or more independent specialists to inspect and evaluate the safety status of the dam, the owner's operation and maintenance procedures, and provide the Bank with a report on findings and recommendations; (ii) if the owner is an entity other than India, Jharkhand or JUIDCO, enter into agreements setting out any measures that the owner shall implement with respect to the safety operations of such dam; (iii) prepare or cause the owner of the dam to prepare a dam safety plan; and (iv) submit the respective dam safety plan to the Bank for approval.



**Conditions**

Type

Effectiveness

Description

JUIDCO to prepare and adopt and Operations Manual for the Project

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INDIA  
JHARKHAND MUNICIPAL DEVELOPMENT PROJECT

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## I. STRATEGIC CONTEXT

### A. Country Context

1. **India continues to be the world's fastest growing major economy.** The economy has recovered from the disruptions caused by demonetization and the introduction of the goods and services tax (GST) in 2017. While growth dipped to 6.7 percent in FY17/18, it has accelerated in the last two quarters to reach 8.2 percent in Q1 FY18/19. This was supported by a revival in industrial activity, strong private consumption, and a rise in export of goods and services. At the same time, the external situation has become less favorable. The current account balance has deteriorated. A worsening trade deficit has led to the current account deficit widening (on the back of strong import demand, and higher oil prices) from a benign 0.7 percent of gross domestic product (GDP) in FY16/17 to 1.9 percent in FY17/18. Meanwhile, external headwinds—monetary policy 'normalization' in the United States coupled with recent stress in some emerging market economies have triggered portfolio outflows from April 2018 onward, placing additional pressure on the balance of payments. As a result, the nominal exchange rate has depreciated by about 14 percent from January to September 2018, and foreign reserves have declined by over 5 percent since March (though remaining comfortable at about nine months of imports). Going forward, growth is projected to reach 7.3 percent in FY18/19 and to firm up thereafter at around 7.5 percent, primarily on account of robust private and public consumption expenditure, a rise in exports of goods and services, and a gradual increase in investments. However, the current account deficit is also projected to remain elevated in FY18/19.

2. **Since the 2000s, India has made remarkable progress in reducing absolute poverty.** Between FY11/12 and FY15/16, poverty declined from 21.6 percent to an estimated 13.4 percent at the international poverty line (2011 purchasing power parity [PPP] US\$1.90 per person per day), continuing the earlier trend of robust reduction in poverty. Aided by robust economic growth, more than 90 million people escaped extreme poverty and improved their living standards during this period. Despite this success, poverty remains widespread in India. In 2015, according to the latest estimates, 176 million Indians were living in extreme poverty, while 659 million Indians (or half the population) were below the higher poverty line commonly used for lower-middle-income countries (2011 PPP US\$3.20 per person per day). Recent trends in the construction sector and rural wages, a major source of employment for the poorer households, suggest that the pace of poverty eradication may have moderated.

3. **Urbanization<sup>1</sup> in India has been costly as evidenced by high land prices, inadequate housing, congestion, and poor service delivery.** These costs are because of weaknesses in the policy and 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, that is, to be undertaken by the center and the states, and by cities, that is, to be undertaken by the ULBs themselves.<sup>2</sup> 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

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<sup>1</sup> The current level of urbanization in India is around 31 percent (377 million persons) according to the 2011 census and it is projected to increase to 50 percent or more over the next 20 years.

<sup>2</sup> ULBs include municipal corporations, municipalities, nagar panchayats, and other non-municipal agencies.



political autonomy and revenue sources, ULBs still remain largely dependent on the states for determining their urban service responsibilities and taxation powers, because urban is a state subject.

4. **The 74th Constitutional Amendment Act, 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 to ULBs, including town planning, land-use regulation, and water supplies. In the past, state governments have dominated policy development, fiscal resources, development of urban infrastructure, and even delivery of urban services. The capacity and financial resources of the ULBs do not match their expanded functional responsibilities. 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.

5. **The critical issue facing policy makers is “how can ULBs become entities that have the capacity to undertake required investments and raise the financial resources required for effective operation of urban services?”** As policy makers look to address this issue, they will need to equip ULBs to address the challenges that Indian cities will face over the next 20 years. National-level urban development models and programs in India over the last few decades have had two tenets: (a) Central Government-sponsored and sanctioned and (b) heavy reliance on concessional finance from the center 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 of institutions, so that these investments can ultimately be undertaken on a self-sustaining basis, especially by ULBs.

## B. Sectoral and Institutional Context

6. **Jharkhand is a young state, having been bifurcated from Bihar in 2000; while Jharkhand has the required institutions and legislations, these are still relatively new.** 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.<sup>3</sup> Since 2005, the pace of poverty reduction and growth in real gross state domestic product (GSDP)<sup>4</sup> per capita in Jharkhand has been slower and more volatile than in most other states, ranging between 20 percent to negative growth.<sup>5</sup> 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. 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 households had individual toilets. Storm water drainage covered only about 25 percent of urban areas, solid waste management collection efficiency was a meagre 33 percent, and at present there is no treatment and scientific disposal of municipal solid waste in any part of the state. Jharkhand also needs large-scale investments in urban infrastructure and services. It is estimated that the urban sector requires investments of about US\$2

<sup>3</sup> The state has a sizeable tribal population; scheduled tribes (STs) and scheduled castes (SCs) constitute 12 percent and 8.5 percent of urban households respectively. A substantial number of these two vulnerable groups are below poverty line; 28.7 percent of SCs and 40.6 percent of STs in urban areas have been classified as below poverty line.

<sup>4</sup> 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.

<sup>5</sup> World Bank Group study.



billion, and net of federal and state funding there remains an estimated net investment gap of about US\$1 billion.

7. **The GoJ has prioritized urban development at the policy level over the last five years, but progress has been 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 funding,<sup>6</sup> 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 operation and maintenance (O&M). It has also begun to build capacity through critical reforms in the urban sector. However, these notable steps, both investments and reforms, have not led to commensurate improvements in service delivery. This is due to the historically fragmented institutional setup for service delivery, and inadequate managerial and technical and financial management capacity of sector institutions, especially the ULBs.

8. **Since 2012, in line with the decentralization agenda in the urban sector, the UDHD has focused on bringing ULBs to the forefront of development and delivery of municipal services.** Because most ULBs lack previous experience with infrastructure investments of size and scale, the GoJ set up the Jharkhand Urban Infrastructure Development Company (JUIDCO) as a government-owned company under aegis of the UDHD to assist ULBs. JUIDCO has been designated as the nodal infrastructure agency for implementation of Atal Mission for Rejuvenation and Urban Transformation (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 their O&M. However, ULBs continue to face challenges of inadequate management capacity and insufficient own source revenues<sup>7</sup> for sustainable O&M.

9. **Cities in Jharkhand are home to a quarter of its population.** At present, the state has 43 ULBs, which have the statutory responsibility to provide civic and infrastructure services; of these, Ranchi and Dhanbad have populations of over 1 million. While the share of urban population, according to census data, is lower than India as a whole (31 percent), urban population growth in Jharkhand for the period 2001–2011 in 9 of 24 districts exceeds India's pace of 2.7 percent.

10. **The efforts to improve urban services and strengthen ULBs in Jharkhand will require a phased approach.** The first phase will consist of improving the municipal sector's capacity to expand access and deliver better services. This will involve (i) closing the gap on access to basic urban services through critical investments in infrastructure; (ii) enabling ULBs to better manage and provide services effectively and (iii) putting in place system improvements. The second phase would have the ULBs able to independently plan, finance, and implement projects, and maintain assets for efficient service delivery. The proposed Jharkhand Municipal Development Project (JMDDP) seeks to support Phase I and put the ULBs on the critical path to Phase II. The governing principles for the 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-

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<sup>6</sup> The state has seven cities under the national urban program, AMRUT. Ranchi has qualified under the Smart Cities Program. For the first time, Jharkhand also qualified for performance grants under the 14th Central Finance Commission (CFC) in 2016–17.

<sup>7</sup> ULBs are heavily dependent on grants and fiscal transfers; on 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 seven AMRUT ULBs, which are better performing than the others, property tax coverage ranges between 60 percent and 75 percent.



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 (M&E) to promote efficiency of investment expenditures, and (d) mobilizing community participation through better and transparent ULB planning processes.

**11. The project will support investments in infrastructure to enable city-scale service provision, along with the introduction of effective systems of asset management to operate and maintain these services.** Investments in infrastructure 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 strategy will not only enhance the quality of services provided, but also ensure their sustainability. The proposed investments will consider vulnerability to climate change during design and construction. A range of climate-resilient urban services activities in water, roads, and drainage under Component 1 will focus on scaling up the climate resilience of cities and build adaptive capacity. The capacity-building component of the project will improve the financial management (FM) 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.

**12. The proposed project is the first World Bank urban sector lending operation in Jharkhand and one of the initial state-specific operations.** The project is a programmatic initiative toward helping the state agencies and ULBs tackle the challenge of effective and efficient service delivery. 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 World Bank will also play the role of a ‘knowledge bank’ because it is ideally placed to bring in both national and international lessons and experiences to Jharkhand on subnational governance and finance.

**13. Jharkhand is vulnerable to climate change.** The 2013 Jharkhand State Action Plan on Climate Change (SAPCC) indicates an 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 (pavement resilient to increase in temperature owing to climate change and with adequate storm water drainage and cross drainage works to withstand flooding) to improve connectivity to urban areas. From a mitigation perspective, the need to move to more energy-efficient infrastructure is highlighted, especially in areas of streetlighting. Building resilience to climate change is a vital step for sustainable development. The results of the screening assessment also indicate similar result

**14. Building resilience to climate change in Jharkhand is a vital step for sustainable development.** As per estimates listed in State Climate Action Plan, out of the average annual precipitation of 10 million hectares meter in the state about 20% is lost in the atmosphere, 50% is lost due to surface runoff and balance 30% gets soaked into the ground as soil moisture and ground water. During the last decade, there has been a substantial increase in water draft from ground water sources in the state leading to depleting ground water tables. At present, only 7.6% percent of Jharkhand’s population has access to piped water supply. As per the SAPCC, nearly 72 percent households are managing their drinking water directly from underground sources, with the probability of inadequate O&M that causes frequent failures and contamination. The over exploitation also contributes to depleting groundwater levels. Groundwater in



Jharkhand is affected in many districts with excess Fluoride, Iron, Nitrate and Arsenic. Climate change impacts are likely to adversely affect this already substandard situation as depletion of groundwater table have also been indicated to cause an increase in fluoride contamination in groundwater sources in hard rock terrain in Jharkhand. Utility-managed piped and treated water supply systems typically have very high potential resilience and adaptive capacity, provided they are maintained well, which requires adequate human capital in the form of trained staff and O&M financing. The climate change linked natural disasters due to heavy rainfall, floods can damage the human settlements (in urban as well as rural areas) thus causing losses to human welfare. The SAPCC lists down urban specific adaptation strategies, which prioritize the need for building urban drainage infrastructure, urban water supply systems, 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.

15. **The climate change linked natural disasters due to heavy rainfall, floods can damage the human settlements (in urban as well as rural areas) thus causing losses to human welfare.** The SAPCC lists down urban specific adaptation strategies, which prioritize the need for building urban drainage infrastructure, urban water supply systems, 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.

16. **Building resilience to climate change is a vital step for sustainable development.** To that end, the proposed investments under the Project will take into consideration of the vulnerability to climate change for its design and construction. A range of climate resilient urban services activities under Component 1 will focus on scaling up climate resilience of the cities and build adaptive capacity.

- This project will support piped water supply investments covering the entire cities moving from largely groundwater-based systems to surface water-based systems, automated controls to increase energy and resource efficiency, O&M support during project period, and capacity-building support to the ULB staff to strengthen skills and know-how of managing large piped water supply systems.
- The design and specifications of the roads and storm water drainage projects will integrate considerations to make them climate resilient. The design of roads will include appropriate grade of bitumen to ensure that the pavement is not affected by predicted increase in temperature owing to Climate Change. Energy efficient street lighting will be proposed for all roads under the project.
- The storm water drains will be designed for 20% cushion over the mandated design requirements in Indian codes which will be safe to accommodate predicted rainfall increase in the State Action Plan.

17. Component 2 on institutional strengthening will help strengthen asset and liabilities management of participating urban local bodies. Component 3 on project management will ensure efficient implementation on ground of the design measures proposed for investments under Component 1.



### **C. Higher Level Objectives to which the Project Contributes**

18. The operation is consistent with the World Bank Group Country Partnership Framework (CPF) for India for FY18-22 (Report No. 126667-IN), discussed at the Board on September 20, 2018, in its emphasis on the implementation approach (the CPF “How”) of strengthening public sector institutions and contributes to achieving the objective(the CPF “What”) of improving living conditions and sustainability of cities under the focus area of promoting resource efficient growth. With respect to the “How” of strengthening public institutions, the operation focuses on building core governance capability of ULBs through capacity building for policy making, financial management, investment planning, procurement, asset management, revenue mobilization, as well as participatory planning and enhanced citizen-government feedback loops for accountability. Successful practices developed under the operation may serve to inform urban local governance in other states and hence contribute to knowledge exchange through the Lighthouse India initiative. With respect to the “What” of improving cities, the operation will deliver results to improve the livability of urban areas in Jharkhand through improved scope, quality, and sustainability in the provision of basic services such as water and sanitation.

## **II. PROJECT DESCRIPTION**

### **A. PDO**

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

#### **PDO-Level Results Indicators**

20. Achievement of the PDO will be measured by the following indicators, each of which seeks to measure a specific part of the PDO:

- (a) People provided with improved urban living conditions, disaggregated by gender<sup>8</sup> (Corporate Results Indicator, Number)
- (b) Number of participating ULBs with increased own source revenues (Number)
- (c) Number of participating ULBs with increased O&M expenditures (Number)

### **B. Project Components**

21. The proposed JM DP will have three components, as described in the following paragraphs.

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<sup>8</sup> Targets to be updated at midterm once all subprojects are identified.



**Component 1: Urban Infrastructure Improvement (US\$174.60 million, IBRD financing of US\$122.10 million)**

22. This component will (a) finance selected subprojects of participating ULBs covering (i) a range of basic municipal infrastructure, mostly in water supply, drainage, and roads but may also include other areas such as solid waste management, septage, and area-based development subject to the agreements of participating ULBs to undertake necessary budget and FM systems reforms under Component 2 and (ii) associated O&M support; and (b) building JUIDCO's institutional capacities to prepare subprojects and set up standardized O&M support mechanisms to the participating ULBs.

23. The selection of subprojects will be based on demand from ULBs. A total of nine ULBs<sup>9</sup> have expressed interest in participating in the project. Two subprojects—Khunti water supply subproject and the Dhanbad roads subprojects (two packages)—have been appraised and meet the GoI's requirement of 30 percent of the loan amount being ready for implementation. The Government is in the process of identification of additional subprojects and preparation of detailed project reports (DPRs). These will be appraised during the first year of JMDP implementation based on criteria that has been agreed with the GoJ. The screening criteria for ULBs and sub-projects is detailed in the Operations Manual.

**Component 2: Institutional Development (US\$20 million, IBRD financing of US\$14 million)**

24. This component will finance (a) capacity building of all ULBs in Jharkhand, including targeting the new municipal cadre proposed/inducted by the UDHD; (b) strengthening of the revenue base of ULBs and institutionalizing sound public FM systems in the participating ULBs so as to ensure sustainability of assets setup under the project and (c) building of project-associated state-level urban institutions' institutional capacities, including (i) focusing on the organization development of JUIDCO and (ii) providing support to the other state agencies involved in urban development. This will include support towards the delivery of targeted reforms in property tax and user charges to strengthen billing and collection efficiency, expanding the user base and tariff rationalization; and developing a policy framework and supporting the rollout of municipal budgeting and asset management modules to improve financial planning at the ULB level.

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

25. This subcomponent will aim at (a) overall ULB capacity building, targeting the new municipal cadres proposed and/or inducted by UDHD across the state and (b) strengthening the 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*

26. 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

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<sup>9</sup> Chas, Dhanbad, Ranchi, Adityapur, Hazaribagh, Simdega, Chaibasa, Koderma, and Khunti have expressed interest in participating in the project.



other state agencies involved in urban development in specific areas critical toward the overall institutional capacity building in the urban sector in the state.

**Component 3: Project Management and Implementation Support. (Total cost US\$15 million and IBRD financing: US\$10.5 million)**

27. This component will finance (a) project management, construction supervision, and implementation support to JUIDCO, specific implementing agencies (SIAs), the State Urban Development Authority (SUDA), and ULBs; (b) preparation of priority DPRs; and (c) incremental operating costs of JUIDCO, SIAs, and/or SUDA, including equipment.

28. The project management consultant (PMC) and the construction supervision and quality control (CSQC) consultant are ready for award. Details on their roles in the project is noted in the annex.

**C. Project Beneficiaries**

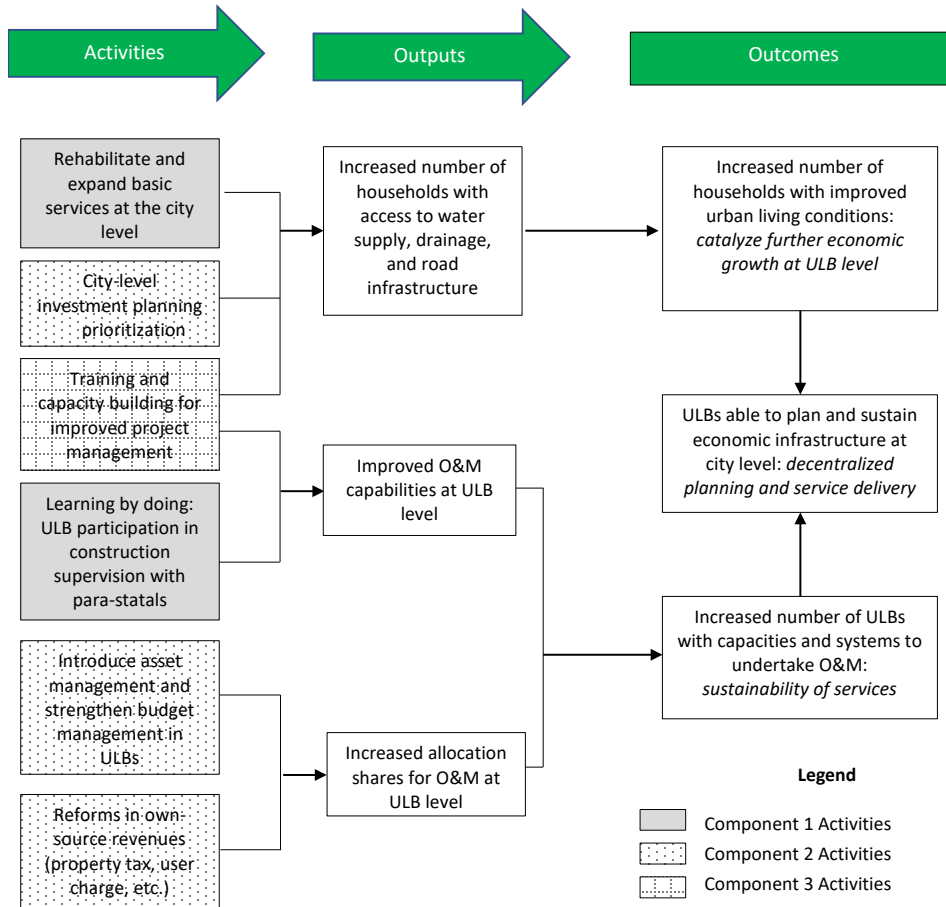
29. Two primary target groups would benefit from this project: 350,000 urban residents of participating ULBs (of which 45 percent will be women) through access to improved urban services, including water, wastewater disposal, and roads; and state-level urban agencies such as JUIDCO and SUDA, as well as participating ULBs, will benefit from systems development and capacity augmentation. Participating ULBs will also benefit from improvements to their revenue base and FM systems.

**D. Results Chain**

30. Figure 1 presents the Theory of Change (ToC) for this project. The ToC considers two major assumptions: state agencies developing citywide infrastructure projects on ULBs' request will aim to build capacities of concerned ULB staff, as well as help put in place systems that allow ULBs to develop and manage large projects in the future; and the ULB Council will support implementation of reforms for improved O&M allocation and share in the total budget.



Figure 1. Theory of Change



### E. Rationale for World Bank Involvement and Role of Partners

31. The discussion in section I illustrates the weaknesses in urban services, infrastructure investments, and ULB capacity and autonomy. The weaknesses in local capacity, state institutions, urban infrastructure, and services are closely interlinked and need to be strengthened in coordination. The GoJ has taken relevant initiatives and is undertaking an ongoing reform of state-level policies and regulations. A program to supplement and enhance this effort would therefore be highly timely and productive. Experiences from World Bank projects across the world show that a policy reform intervention or an investment intervention alone often fails to improve services on the ground in a sustained manner. Rather, an integrated program comprising of a combination of financing, systems and capacity enhancements, and strengthening of the policy framework has more sustainable outcomes. The World Bank’s international and national knowhow and experience of developing and implementing similar integrated programs<sup>10</sup> make it well-positioned to support GoJ on this Project.

<sup>10</sup> The Municipal Development Project, Parana, Brazil demonstrated that the implementation model for institutional reforms at the local government level needs to differ based on the size of local governments – the small and mid-sized ULBs might be covered through a standard



32. The GoJ is currently preparing a US\$654 million multi-tranche investment project for potential support from the Asian Development Bank (ADB). This project will focus on improving urban service delivery and is proposed to be delivered through JUIDCO. JMDP’s focus on the institutional strengthening of JUIDCO is expected to benefit its implementation. The UDHD is also in dialogue with the U.K. Department for International Development for technical assistance (TA) support to operationalize the Jharkhand Urban Planning and Management Institute, which will include helping the institute develop a business plan and pair up with academic institutions in the United Kingdom for knowledge support.

#### F. Lessons Learned and Reflected in the Project Design

33. The proposed project builds on World Bank experience with similar projects in India and globally. Based on this experience, the JMDP aims to build strong ownership of ULBs on investments by ensuring that (a) investments are identified using a bottom-up process, (b) ULB-elected representatives make key decisions upfront on subproject design and the O&M costs which the ULB will need to bear, and (c) ULB engineering staff are a part of the Project Implementation Unit (PIU) during the entire implementation period and receive ‘on-the-job’ training. The proposed project also aims to strengthen the overall state-level urban institutional architecture so that the state is able to create an enabling environment to help ULBs execute their devolved functions more efficiently. The JMDP aims to create systems that will institutionalize a bottom-up demand-driven structure for improving service delivery in urban areas. The institutional development component focuses on building creditworthiness of ULBs, including through own-source revenue augmentation and improved FM, supported by specific reforms such as management of assets and liabilities.

### III. IMPLEMENTATION

#### A. Institutional and Implementation Arrangements

34. **Oversight.** The JUIDCO Board of Directors—chaired by the Secretary, UDHD, and including principal secretaries/secretaries of the Departments of Finance, Environment and Forest, Road Construction, and Building Construction, the Director, Directorate of Municipal Authority (DMA), and the Company Secretary of JUIDCO—will provide oversight and policy decisions for the JMDP.

35. **Implementation of project components.** JUIDCO will be the central agency for coordination and reporting of all components under the JMDP. It will be directly responsible for the implementation of Component 1. SIAs will be involved in the implementation of specific subprojects, if JUIDCO requires additional implementation capacity. JUIDCO will be the procurement agency for all activities under Component 2; day-to-day implementation of Subcomponent 2.1 will be under the aegis of SUDA as it is the nodal agency for reforms under other central and state programs. JUIDCO will be the implementing agency for Component 3, but could delegate specific activities to SIAs, if required.

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roll-out program but bigger ULBs need individual attention in the form of customized handholding assistance and close monitoring. JMDP takes this into account by structuring the institutional support to ULBs into two categories – direct handholding support for all AMRUT ULBs and ULBs accessing investments under JMDP, and quality assurance support for remaining ULBs across the state. The Second Municipal Development Project, Philippines demonstrated that focus of revenue generation interventions needs to go beyond property tax. Based on an assessment of the potential of various own source revenues, JMDP proposes to focus on reforms in areas of user charges and advertisement tax.



36. **Project Management Unit (PMU).** A PMU will be set up within JUIDCO, and in the case of subprojects implemented by an SIA, additional PMU staff will be deployed to the SIA. The PMU will be responsible for day-to-day project management, coordination, and implementation. The PMU will be supported by city-level PIUs which will bear the main responsibility of implementation and supervision at the local level. Where relevant, SIAs will set up subproject-specific PIUs in consultation with JUIDCO.

## B. Results Monitoring and Evaluation Arrangements

37. The primary source of information for results indicators will be the participating ULBs and the SIAs. The main agency responsible for M&E will be JUIDCO for Components 1 and 3, while the UDHD and SUDA will be responsible for Component 2. JUIDCO will send consolidated quarterly progress and financial execution reports for all components to the World Bank. In addition, independent assessments will be carried out by consultants at key milestones (such as midterm and project closing). Section VI presents the Results Framework and arrangements for monitoring.

## C. Sustainability

38. The UDHD, which is the principal counterpart, has demonstrated strong commitment to urban sector reforms and has made efforts to strengthen the policy environment at the state level in the project-related sub-sectors. The State government has demonstrated its commitment towards the Project in terms of both manpower and money. The State will contribute 30 percent of the total project costs and relevant budgetary allocations have already been made. The Urban Department has constituted a fully staffed PMU under JUIDCO during project preparation. This PMU will continue to be in place during implementation to ensure continuity.

# IV. PROJECT APPRAISAL SUMMARY

## A. Technical, Economic and Financial Analysis

39. **Technical.** The Khunti water supply subproject and the Dhanbad roads subprojects (two packages), which account for 30 percent of overall project costs, have been appraised. Below is a detailed analysis of the subprojects.

40. **Khunti water supply.** Khunti water supply is designed for a 30-year horizon according to Central Public Health and Environmental Engineering Organization Manuals. The components include a water treatment plant of 16 MLD, a distribution network, and house connections with provision for meters. The subproject design targets improvement of water supply services with an average of 135 lpcd at the customer end through the provision of continuous supply at a minimum terminal pressure of 7 m (design population of 42,000 in base year) during the peak supply period; achievement of metered supply to all customers with connections provided up to the property boundary; and a gradual transition to volumetric tariff. The project will be executed on the DBOT model with O&M for five years. Private operators will be contracted for design review/design-build and for the management of services for five years for water supply systems, and 10 years for sewerage systems. A part of the operator's fee is performance-linked to ensure that the subproject's service delivery objectives are achieved. The construction of water supply and sewerage infrastructure will be governed by a quality management protocol that will be designed and



managed by the PMC. The project is therefore shifting the focus from infrastructure to sustainable services.

41. **Dhanbad roads (packages 1 and 2).** The subproject involves construction of 20 km of road according to design standards and specifications mandated by the Indian Roads Congress (IRC). The roads proposed will have dual two-lane configurations with service roads, cycle tracks, side drains, safety barriers at critical locations, streetlighting, and landscaping. Road signs and markings will be provided in conformity with IRC standards. The project also envisages rehabilitation/reconstruction of existing cross drainage structures, including culverts and bridges.

42. **Economic analysis.** A cost-benefit analysis was carried out to obtain the economic internal rate of return (EIRR) and benefit cost ratio (BCR) for the three appraised sub-projects. The expected benefits of these sub-project are: (a) tangible (direct and indirect) socio-economic benefits; and (b) intangible (non-market) benefits associated with improvement in the environment and overall city living conditions. Intangible benefits were not quantified; hence, the EIRR represents a lower-bound estimate. Policy and Institutional Support under Component 2 and Project Management and Technical Support under Component 3 were not considered for the economic analysis. The Khunti water supply subproject is expected to have non-incremental water based resource cost savings (savings in: cost of replaced water from other sources, water collection time, storage maintenance cost, earning loss during sick days, and annual water purification cost), and willingness-to-pay based incremental water benefits. The EIRR and BCR was pegged at 16.53 percent and 1.8 percent respectively. Tangible benefits for the Dhanbad roads subproject (packages 1 and 2) were determined in line with the Highways Development and Management analysis module quantifying savings in vehicle operating cost and savings in travel time. The EIRR for the two packages stood at 16.70 and 28.30 percent respectively, slightly lower than expected as non-tangible benefits were not quantified. An affordability analysis for Khunti subproject was undertaken indicating that doubling of the current user charges by 2022 (an 1.8 times increase in user charges will make the subproject viable) will still satisfy the affordability criteria of less than 5% of the household income. A Sensitivity Analysis carried out for various (adverse) scenarios and the results confirmed the robustness of project viability even with changed assumptions. The poverty impact ratio for the water supply subproject and was pegged at 32 percent and roads subprojects was pegged at 26.9 percent, indicating that the subprojects would contribute substantially to benefitting the poor.

43. Public sector intervention is justified given the high externalities of water supply shortage and flood damage-related issues in the project towns. The World Bank's involvement is expected to add value through enhanced technical support for implementing non-structural measures to improve the capacity of institutions to reduce risks related to water supply and urban roads and thus, enhance long-term sustainability of the capital program. This will be done through FM and asset management interventions proposed under Component 2 of the proposed JMDDP. Cost-benefit analysis will be carried out as part of the appraisal of the remaining JMDDP subprojects as well.

44. **Financial analysis.** A financial analysis of the appraised subprojects was undertaken. The financial analysis was benchmarked against an operating ratio of more than 1 and an average debt service coverage ratio of more than 1.25. All subprojects were found to meet the benchmark. Because the road subprojects are non-revenue generating, the financial analysis was done based on the ULBs' financial capacity analysis to pay for and maintain the subproject. The operating ratio for the road subprojects ranged between 0.14 and 0.22 for the construction period, and between 0.19 and 0.22 for the 10-year O&M period. For the



water subproject, it was observed that, with tariff revisions, ULBs can meet the full O&M costs of subprojects. Based on this analysis, the project will focus on (a) rationalization of water supply tariffs and (b) citizen outreach to ensure adequate connections to the new services. The UDHD has prepared a Jharkhand Water Supply Connections and User Tariff Policy (2016). The World Bank will engage further with the state toward strengthening this policy.

45. Similar financial analysis will be carried out for the remaining subprojects. In the case of the water supply subproject, the focus will be on (a) rationalization of water supply tariffs and (b) citizen outreach to ensure adequate connections to the new services.

**B. Fiduciary**

**(i) Financial Management**

46. JUIDCO will be responsible for FM functions of the project, comprising budgeting, fund management, accounting, financial reporting, and management of financial controls and audits. The FM capacity and risk assessment noted that JUIDCO is a newly formed entity with little experience of project implementation and that the FM systems and controls are being put in place. The following mitigation measures are being taken: (a) an FM manual describing the FM systems and procedures to be followed is included as an annex to the Project OM, (b) a system of periodic internal audits and an annual external audit is built into the project design to strengthen internal controls and monitoring of the project, and (c) finance staff of JUIDCO will be supported by the PMC in day-to-day FM functions. Subject to these mitigation measures being implemented, the FM system of the project will be adequate to account for and report on the sources and uses of project funds and meet the World Bank’s fiduciary standards. For more details on the project FM see annex.

47. The applicable disbursement method is reimbursement and funds will be disbursed by the World Bank as indicated in Table 1.

**Table 1. Project Reimbursement Method**

Sl. No	Category	Project Cost (US\$, million)	Amount of the Loan Allocated (US\$, million)	Percentage of Gross Reported Expenditures to be Financed (inclusive of taxes)
2.	Works, goods, non-consulting services, consultant services, training, and operating costs	209.6	146.6	70
	Front-end fee	0.4	0.4	100
	Total amount	210	147	70

**(ii) Procurement**

48. The procurement agency for the project will be JUIDCO and the SIAs. The procurement capacity and risk assessments noted that PMU procurement staff based in JUIDCO and the SIAs have no experience in handling procurement functions in accordance with the Procurement Regulations. Agreed mitigation measures are upskilling of procurement staff, monitoring procurement performance through the



Procurement Plan and quarterly reports, training and ongoing support from the World Bank, prior and post reviews by the World Bank, and strengthening of the complaint management process.

49. Procurement for the proposed project will be carried out in accordance with the World Bank's Procurement Regulations for Borrowers for Goods, Works, Non-Consulting, and Consulting Services, dated July 1, 2016, revised November 2017 and August 2018 and applicable to Investment Project Financing (IPF), hereinafter referred to as 'Regulations'. The project will be subject to the World Bank's Anticorruption Guidelines, dated October 15, 2006, and revised in January 2011 and as of July 1, 2016. Most of the civil works would follow National Competitive Procurement (NCP), but a few packages may also involve the use of International Competitive Procurement. The project will use the e-procurement system (National Informatics Centre [NIC] platform).

50. **Project procurement strategy.** A draft Project Procurement Strategy for Development (PPSD) has been prepared (by JUIDCO and the identified SIA to implement the Dhanbad road subproject—State Highways Authority of Jharkhand [SHAJ]). Extensive market analysis has been carried out for different packages of procurement, and decisions on packages are made to ensure adequate participation of bidders. Consultancy contracts are also framed based on market research. Based on the draft PPSD, the Procurement Plan has been prepared to set out the selection methods to be followed in the procurement of goods, works, and non-consulting and consulting services financed under the project for first 18 months (including contracts to be procured under advance contracting and retroactive financing). The Procurement Plan will be updated annually or as required and will be reviewed and approved by the World Bank. The Annex to the PAD provides more details on procurement under the project.

### C. Safeguards

51. **Safeguard policies.** The project is classified as Category A and triggers Environmental Assessment (OP/BP 4.01), Natural Habitats (OP 4.04), Forests (OP 4.36), Physical Cultural Resources (OP/BP 4.11), Safety of Dams (OP/BP 4.37), Involuntary Resettlement (OP 4.12), and Indigenous People (OP 4.10). In addition, the project will use the World Bank Group's Environmental, Health, and Safety (EHS) Guidelines for worker health and safety. Specific investments and exact locations of the subprojects within Jharkhand will take place during project implementation. JUIDCO has prepared an Environment and Social Management Framework (ESMF) in accordance with OP 4.01 Category A project requirements. A Resettlement Policy Framework (RPF) and Scheduled Tribe Participation Policy Framework (STPPF) have been prepared as part of the ESMF to guide the preparation of resettlement plans and the Scheduled Tribe Participation Plan (STPP).

#### (i) Environmental Safeguards

52. **Key environmental impacts.** The project is likely to finance complex investments which will come under the World Bank's classification of Category A subprojects. 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. The main environmental risks associated with project-financed activities include (a) inadequate implementation of environmental management plans due to poor capacity in implementing entity and ULB and (b) inadequate consideration toward worker welfare, health, and safety. Construction activities in urban areas could affect cultural properties, involve tree cutting, increase dust, noise, and 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 have an impact on the safety of neighboring communities, road users, pedestrians, and construction workers.

**(ii) Social Safeguards**

53. **Key social impacts.** The key social issues anticipated during the life cycle of the project include the need for land acquisition, loss of structures, loss of livelihoods, and loss of common property resources (CPRs). The local population, in particular the ST population, may be adversely affected by loss of natural resources such as land, water, and forests. Impacts during construction include loss of access to houses, CPRs, and urban infrastructure. About 90 percent of labor for the project will consist of the local population and 10 percent labor/technicians are expected to come from outside the project ULBs; therefore, the chances of conflict between the immigrant labor force and the local community are low. However, issues relating to child labor and safety and security of women cannot be ruled out.

54. **Safeguard policies.** The project is classified as Category A and triggers the following World Bank policies:

- (a) **Environmental Assessment (OP 4.01).** The project will support significant infrastructure investments in water supply, storm water drainage, sewerage, and urban roads in existing urban areas of Jharkhand and may involve complex safeguard issues. The ESMF prepared for the JMDP acknowledges these issues and integrates the measures for addressing them in the subproject implementation process.
- (b) **Indigenous Peoples (OP/BP 4.10).** ULBs likely to be supported under the project are expected to have an ST population. The ESMF includes an STPPF, which provides the process of identification of STs with unique characteristics and ensure their participation and access to project benefits. Therefore, a subproject level STPP will be prepared to address any negative impacts of the project through resettlement plans.
- (c) **Involuntary Resettlement (OP/BP 4.12).** The proposed infrastructure improvement activities under the project are likely to require land acquisition in certain cases and removal of encroachments resulting in loss of livelihood and involuntary resettlement. A draft RPF has been prepared and disclosed as part of the ESMF to guide the preparation of Resettlement Action Plans (RAPs) and Abbreviated Resettlement Action Plans (ARAPs). The RPF provides the principles, definition, and entitlements of the project-affected persons (PAPs). Subproject specific draft ARAPs/RAPs will be prepared as applicable.
- (d) **Natural Habitats (OP/BP 4.04).** While it is unlikely that urban infrastructure will require land from natural habitats, it could be applicable in the case of water source development. If so, the first principle would be avoidance of these areas. In case they are unavoidable, the Environment and Social Impact Assessment (ESIA) shall be carried out to mitigate the impacts of the project on these areas. A separate natural habitat management plan would need to be prepared based on strong analysis of impacts on biodiversity. The ESMF specifies detailed guidance.



- (e) **Forests (OP/BP 4.36).** There may be some components of subprojects which require forest land such as raw water alignments. Measures will be taken to avoid diversion of forest land. However, in case, unavoidable, the necessary mitigations measures will be integrated in the project design and permissions will be taken from appropriate authorities before project execution.
- (f) **Physical Cultural Resources (OP/BP 4.11).** Jharkhand contains several sites of religious, historic, and cultural significance within its towns/cities. 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 will be obtained before commencement of construction if the project construction activities are located within the influence zone of a protected site. The detailed ESIA's for each subproject, will require full identification of any cultural heritage that could be affected 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. Chance find procedures will be integrated into the contract documents.
- (g) **Safety of Dams (OP 4.37).** The policy is triggered as a precautionary measure, as the JM DP may support subprojects in water supply that draw water directly from a reservoir controlled by an existing large dam. However, the construction of any type of dam would be ineligible under this project. If the screening process confirms that the selected water supply subproject would rely on the performance of an existing dam, the dam safety due diligence process would need to be followed according to OP 4.37, if this is a large dam (with a height of more than 15 m) , or the environmental assessment process needs to ensure that the ESIA's/ESMP's will include the standard dam safety engineering measures approved by a qualified engineer, if it is a small dam below that threshold. These provisions have been incorporated as part of the ESMF for the JM DP.

55. **ESMF.** Except for the appraised subprojects, the specific investments and exact locations of the remaining subprojects will only be identified during project implementation. JUIDCO has prepared an ESMF in accordance with OP 4.01 Category A project requirements. The ESMF provides technical guidance, procedures, and institutional responsibilities for assessing and managing the potential environmental and social risks and impacts that may arise through the lifetime of the supported subprojects. An RPF and STPPF have been prepared as part of the ESMF to guide the preparation of resettlement plans and the STPP. The RPF provides the principles, and the definition and entitlements of the PAPs. Similarly, the STPPF describes the process of identification of STs with unique characteristics and ensures their participation and access to benefits in the urban infrastructure development and service delivery subprojects.

56. **Safeguard documents for the appraised subprojects.** ESIA's have been prepared for the two known subprojects (Khunti water supply and Dhanbad roads), which have been reviewed by the World Bank. The ESIA's include ESMP's, which specify (a) the environmental, social, health, and safety (ESHS) management and monitoring requirements of the contractor as well as of JUIDCO during the subproject 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 the JUIDCO PIU, contractor staff, and ULB; and (d) application



of the World Bank Group's General EHS Guidelines, EHS Guidelines on Water and Sanitation, and IFC, EBRD Worker Accommodation Standards. A separate ARAP for Khunti water supply and RAPs for Dhanbad roads have been prepared to comply with the RPF for the project and the World Bank's OP 4.12. Approximately 0.02 ha of land is being taken over for the Khunti water supply subproject to lay the raw water mains under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Right) Act 2006 and The Right to Fair Compensation and Transparency in Land Acquisition Resettlement and Rehabilitation Act, 2013. A separate STPP has been prepared and disclosed for the Khunti subproject to comply with the STPPF and the World Bank's OP 4.10.

57. **Responsibility for implementation of safeguards management.** JUIDCO will be overall responsible for compliance with ESMF provisions and monitoring and reporting of the subproject specific ESMPs, RAPs, and STPP. The ESMF will be applicable to all subprojects financed under the project and will also be applicable to all TA and capacity-building activities. JUIDCO will engage an independent consultant firm to prepare ESIA for all future subprojects categorized Category E-1 (equivalent to World Bank 'Category A'). All subproject ESIA and ESMPs, RAP/ARAP, and STPPs as applicable will be reviewed by JUIDCO and shared with the World Bank for review and clearance before disclosure.

58. **Public consultation.** Formal and informal consultations have been undertaken in Ranchi, Dhanbad and Khunti with all concerned stakeholders, including officials of line government departments. This will continue during implementation. Consultations were held in Khunti for the Water Supply sub-project on February 6, 15 and 24, 2017; May 30, 2017; June 3 and 13, 2017 and October 9, 2017. Consultations were held in Dhanbad for the Roads sub-projects on March 11-13, 2017; August 7, 2017 and October 6, 2017.

59. **Disclosure.** The ESMF, acceptable to the World Bank has been approved and disclosed on the Urban Department<sup>11</sup> and JUIDCO websites<sup>12</sup> on November 16, 2017, with the executive summary, RPF, and STPPF translation in Hindi. Subsequent disclosure on the World Bank's InfoShop was completed on November 17, 2017. Disclosure workshop on the ESMF were held in Ranchi on January 15, 2018.

60. The ESIA, ARAP, and STPP for Khunti water supply were reviewed and cleared by the World Bank and disclosed on the Borrower's web page on December 8, 2017. The Dhanbad road (National Competitive Bidding [NCB] packages 1 and 2) ESIA, ESMP, and RAP were disclosed on the borrower web page on January 11, 2018 and subsequently InfoShop disclosure was provided for all documents. Following updating of the safeguards documents with SHAJ as the specialized implementing agency, and a ULB-level stakeholder workshop, they were redisclosed on SHAJ web pages on August 24, 2018.

61. A dedicated Grievance Redress Mechanism (GRM) has been set up that enables any stakeholder to register a complaint or a suggestion about the way a project is being planned, constructed, or implemented. The Deputy Project Director (JUIDCO/SIA, PMU) will be responsible for ensuring that each subproject establishes an effective multilevel GRM to handle all grievances related to subproject activities.

62. The ULB-level PIU head will be responsible for receipt, collation, referral to a Grievance Redress Cell (GRC) and for addressing all complaints at the subproject level and status reporting to JUIDCO/SIA.

<sup>11</sup> <http://udhd.jharkhand.gov.in/Other/Notices.aspx>.

<sup>12</sup> [http://JUIDCO.jharkhand.gov.in/?ulink=RESOURCES\\_Notice%20%26%20Circulars](http://JUIDCO.jharkhand.gov.in/?ulink=RESOURCES_Notice%20%26%20Circulars).



The contact details for registering complaints/suggestions will be widely publicized and a dedicated e-mail id has been created (grc.jmdp.JUIDCO@gmail.com) to receive and log complaints.

63. **Gender.** The main gender issues identified within the larger context of the project are (a) time poverty and drudgery for females in the underserved/unserved households with respect to urban basic services<sup>13</sup> and (b) safety and security of women in public spaces and at the workplace. Public spaces are considered unsafe by 48 percent of the women in Ranchi, Jharkhand.<sup>14</sup> In the context of Jharkhand, household water and sewerage connections also enhance safety and security of adolescent girls and women<sup>15</sup>. Proper urban planning and ease of access to public places is a key recommendation<sup>16</sup> of a study on safe spaces for women in Jharkhand. Immediate and proper implementation of the provisions of Sexual Harassment at Workplace (Prevention and Prohibition) Act and setting up a redress mechanism are essential.<sup>17</sup>

64. The project aims to address women's safety issues through (a) design interventions and provision of urban basic services to all in the subproject towns and (b) institutionalizing anti-harassment actions in all implementing agencies. The appraised water and roads subprojects are expected to have a significant positive impact on women in the project area. The Khunti subproject will provide piped household water supply and will directly contribute to eliminating time poverty faced by women. Field-level consultations also corroborate with these findings.<sup>18</sup> The roads subproject is likely to have a positive impact on the safety of women through proper planning and layout of a large road stretch and by providing access and proper streetlights.

65. Anti-Sexual-Harassment Complaint Committees<sup>19</sup> will be set up in place as per the Act in each of the implementing agencies (including the participating ULBs) which will look into the matters of sexual harassment of women at workplace. "Every GRC constituted at the subproject level will have at least one female member. Regular training will be provided to ULB staff, Complaint Committee members, and GRC members. The RAP implementing consultant/nongovernmental organization would connect with other community organizations active in the project area and increase awareness among women on their rights, and opportunities available from the project.

66. The above actions will be tracked through the following results indicators:

- (a) People provided with access to improved water sources, disaggregated by gender.

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<sup>13</sup> Asian Development Bank. 2015. *Balancing the Burden*. A survey across six states in India determined that women spent, on average, 1 hour per day collecting water. The evaluation found significant benefits for women and girls: first, in reduction of drudgery measured in terms of pain and other health impacts caused by carrying water, and second, in increased attendance of girls in high school.

<sup>14</sup> Study on Violence Against Women in Public Spaces in Ranchi and Hazaribag, Jharkhand (Jagori).

<sup>15</sup> Creating Safe Public Spaces for Women and Girls in Jharkhand (Jagori): A key policy recommendation is the provision of quality drinking water and sanitation services.

<sup>16</sup> Creating Safe Public Spaces for Women and Girls in Jharkhand (Jagori)

<sup>17</sup> <https://economictimes.indiatimes.com/news/politics-and-nation/harassment-at-workplace-supreme-court-seeks-reply-from-centre-states/articleshow/62369392.cms>.

<sup>18</sup> Primary survey has indicated that in women are responsible for collecting water in over 84 percent of households in Khunti.

<sup>19</sup> <https://www.iitk.ac.in/wc/data/Handbook%20on%20Sexual%20Harassment%20of%20Women%20at%20Workplace.pdf>



- (b) Proportion of women officials and staff trained.
- (c) Proportion of participating ULBs with active<sup>20</sup> anti-sexual harassment complaint committees.

67. **Citizen engagement.** The proposed JMDP will aim to engage with citizens through the Capital Investment Strategy exercise, as well as through GRMs specific to the implementation of subprojects. Stakeholder consultations across ULBs will ensure that all major stakeholders are brought on board for the setting of a common development vision for the town. The draft strategy will be presented to the stakeholders and will take on board suggestions for further improvement. ULB-level information related to JMDP subproject implementation (such as details of subprojects and grievance redress) will be disclosed on the ULB websites. In addition, key results under the DMA US-MIS which demonstrate the performance of all ULBs on indicators agreed between the UDHD and the World Bank will also be disclosed on the UDHD and ULB websites. These will be tracked through three intermediate result indicators in the Results Framework on (a) state agencies implementing eGovernance leading to improved efficiency and transparency, (b) number of participating ULBs preparing Capital Investment Strategy, and (c) grievances registered on the delivery of project benefits that are addressed (disaggregated by gender).

**(iii) Other Safeguard Policies**

68. The project does not trigger any other safeguard policies.

**(iv) World Bank Grievance Redress**

69. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

**V. KEY RISKS**

**A. Overall Risk Rating and Explanation of Key Risks**

70. As indicated in the Systematic Operations Risk-Rating Tool (SORT) table in the Data Sheet, the overall risk to achieving the PDO is rated Substantial. This is due to the following risk categories being

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<sup>20</sup> Preparation of annual reports by the Anti-Sexual Harassment Cell (as a proxy to number of cases reported.)



rated substantial risks: institutional capacity for implementation and sustainability, fiduciary, and environmental and social. These are the following:

- (a) **Institutional capacity for implementation and sustainability.** JUIDCO is a nascent institution and lacks the required institutional capacity to implement this large and complex project. This risk is being mitigated by (a) getting SIAs onboard on a case-by-case basis for subprojects in sectors where JUIDCO does not have in-house capacity and (b) creating a full-time PMU within JUIDCO and PIUs at the subproject level and the appointment of a PMC and a CSQC consultant to support the institutional strengthening of JUIDCO, as well as overall project management and implementation. Training will be provided to PMU and PIU staff to build their implementation and project management capacities. In addition, the Project OM clearly sets out the roles, responsibilities, and accountabilities of the PMU, PIUs, PMC, and CSQC consultants. The project will also put in place M&E systems and envisages the setting up of an ERP system for JUIDCO to increase transparency and accountability within the institution.
- (b) **Fiduciary.** As neither JUIDCO nor the UDHD have worked with the World Bank on a large-scale project, there are risks of noncompliance with the World Bank's procurement policies and FM requirements. Fiduciary risks will be mitigated by the approval of a Project OM that is acceptable to the World Bank; provision of the PMC for the duration of the project; and the centralization of procurement and FM functions at JUIDCO. Training and handholding support will be provided to JUIDCO as well as ULBs through the PMC and Component 2 activities. The project also envisages setting up of an IT-enabled ERP system for JUIDCO, which is expected to help improve FM processes.
- (c) **Environmental and social.** The JMDP is a Category A project, and both JUIDCO and the UDHD have limited capacity and experience in undertaking environmental and social assessments and supervising ESMPs, occupational health and safety management, and resettlement impact (especially of street vendors and other non-titleholders). A robust training and capacity-building action plan for labor management and ESHS considerations has been included in the ESMF, and the PMC will provide experienced environment and social specialists to support JUIDCO on safeguard management and capacity building throughout the duration of the project. The TA component of the project will supplement the efforts on capacity building of ULBs to manage relocation of PAPs (including vendors) and the management of construction and operation-related impacts.



VI. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: India

Jharkhand Municipal Development Project

Project Development Objective(s)

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

Project Development Objective Indicators

Indicator Name	DLI	Baseline	Intermediate Targets							End Target
			1	2	3	4	5	6	7	
<b>Provide improved access to basic urban services and management capacity in participating ULBs</b>										
People provided with improved urban living conditions (CRI, Number)	0.00	0.00	0.00	20,000.00	120,000.00	150,000.00	210,000.00	310,000.00	350,000.00	350,000.00
People provided with improved urban living conditions - Female (RMS requirement) (CRI, Number)	0.00	0.00	0.00	9,000.00	54,000.00	67,500.00	94,500.00	139,500.00	157,500.00	157,500.00
Number of participating ULBs with increased own source	0.00	0.00	0.00	1.00	3.00	5.00	10.00	10.00	10.00	10.00



Indicator Name	DLI	Baseline	Intermediate Targets							End Target
			1	2	3	4	5	6	7	
revenues (Number)										
Number of participating ULBs with increased O&M expenditures (Percentage)		0.00	0.00	0.00	1.00	3.00	12.00	12.00	12.00	40.00

**Intermediate Results Indicators by Components**

Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
<b>Urban Infrastructure Improvement (Component 1)</b>											
People provided with access to improved water sources (CRI, Number)		0.00	0.00	0.00	20,000.00	50,000.00	80,000.00	120,000.00	156,000.00		156,600.00
People provided with access to improved water sources - Female (RMS requirement) (CRI, Number)		0.00	0.00	0.00	9,000.00	22,500.00	36,000.00	54,000.00	70,470.00		70,470.00
People provided with access to improved water sources - rural (CRI, Number)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00



Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
People provided with access to improved water sources - urban (CRI, Number)		0.00	0.00	0.00	20,000.00	50,000.00	80,000.00	120,000.00	156,000.00		156,600.00
People provided with access to all-season roads within a 500 metre range under the Project (Number)		0.00	0.00	20,000.00	50,000.00	70,000.00	90,000.00	90,000.00	90,000.00		90,000.00
<b>Institutional Development (Component 2)</b>											
Number of participating ULBs implementing revenue mobilization reforms achieving MoHUA benchmarks (Number)		0.00	2.00	7.00	10.00	15.00	25.00	25.00	30.00		30.00
Number of participating ULBs implementing reforms in municipal budgeting and creditworthiness (Number)		0.00	0.00	2.00	3.00	5.00	8.00	8.00	8.00		8.00
Number of participating ULBs preparing Capital Investment Strategy (Number)		0.00	0.00	0.00	3.00	7.00	7.00	10.00	10.00	10.00	10.00
Number of investment subproject		0.00	2.00	3.00	5.00	6.00	6.00	6.00	6.00		6.00



Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
implemented successfully by JUIDCO (Number)											
Officials and staff receiving training in new skills and knowledge (Number)	0.00	0.00	500.00	4,000.00	6,500.00	7,500.00	12,000.00	12,000.00			2,000.00
Proportion of women officials and staff trained (Number)	0.00	0.00	20.00	40.00	40.00	40.00	40.00	40.00	40.00		40.00
1.2. Km of new/improved drainage services provided under the Project (Kilometers)	0.00	0.00	8.00	30.00	50.00	100.00	150.00	150.00			150.00
2.3. Number of ULBs will eGovernance systems commissioned (Number)	0.00	0.00	0.00	0.00	7.00	14.00	43.00	43.00			43.00
2.4. State agencies implementing eGovernance leading to improved efficiency and transparency (Number)	0.00	0.00	0.00	1.00	1.00	1.00	0.00	0.00			3.00
<b>Project Management and Implementation Support (Component 3)</b>											
Proportion of PMU and PIUs fully staffed and functioning to	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00		100.00



Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
provide project support and oversight to participating ULBs and state agencies (Percentage)											
Grievances registered related to delivery of project benefits that are actually addressed disaggregated by gender (Percentage)	0.00	0.00	70.00	80.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Proportion of participating ULBs with active anti-harrasment cells (Percentage)	0.00	100.00	100.00	100.00	100.00	100.00	100.00				100.00

**Monitoring & Evaluation Plan: PDO Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
People provided with improved urban living conditions		Half-Yearly	JUIDCO	Primary + Secondary (estimate number of beneficiaries, either as a subset of people in the catchment area or through (study)	JUIDCO



				estimates of actual usage.	
People provided with improved urban living conditions - Female (RMS requirement)		Half-Yearly	JUIDCO	Primary + Secondary (estimate number of beneficiaries, either as a subset of people in the catchment area or through (study) estimates of actual usage. .	JUIDCO
Number of participating ULBs with increased own source revenues	Participating ULBs are ULBs covered under Subcomponent 2. All AMRUT towns and ULBs who have applied to access JMDP funds. Average annual growth rate for any year will be calculated as the compounded annual growth rate between the particular year and the year 2016–2017.	Annual	Directorate of Municipal Administration, UDHD	ULB reporting	JUIDCO and UDHD
Number of participating ULBs with increased O&M expenditures		Annual	Department of Municipal Administration, UDHD		JUIDCO and UDHD

**Monitoring & Evaluation Plan: Intermediate Results Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
People provided with access to improved water sources	This indicator measures the cumulative number of people who benefited from improved water supply services that have been constructed through operations supported by the World Bank.	Half Yearly	JUIDCO	Project Management Reporting System	JUIDCO
People provided with access to improved water sources - Female (RMS requirement)	This indicator measures the cumulative number of people who benefited from improved water supply services that have been constructed through operations supported by the World Bank.	Half yearly	JUIDCO	project management reporting system	JUIDCO
People provided with access to improved water sources - rural					
People provided with access to improved water sources - urban					
People provided with access to all-season roads within a 500 metre range under the Project	People residing within 500 metres of the roads constructed with World Bank financing	Half Yearly	JUIDCO	Project Management reporting system	JUIDCO
Number of participating ULBs implementing revenue mobilization	Participating ULBs are ULBs covered under	Half-yearly	Directorate of Municipal	AMRUT reporting (UDHD)	JUIDCO and SUDA



reforms achieving MoHUA benchmarks	Subcomponent 2. Revenue mobilization reforms refer to AMRUT reforms focused on augmenting revenues		Administration, UDHD		
Number of participating ULBs implementing reforms in municipal budgeting and creditworthiness	participating ULBs are ULBs covered under Subcomponent 2. These comprise both ULBs that are undertaking budgeting reforms, and ULBs that are undertaking creditworthiness reforms	Half-yearly	SUDA	AMRUT reporting (UDHD)	JUIDCO and SUDA
Number of participating ULBs preparing Capital Investment Strategy	Participating ULBs are ULBs covered under Subcomponent 2	Half-yearly (for year 3 onward)	ULBs	Project management reporting system	JUIDCO
Number of investment subproject implemented successfully by JUIDCO	Number of projects that JUIDCO is able to get cabinet approval on.	Annual	JUIDCO	JUIDCO MIS	JUIDCO
Officials and staff receiveing training in new skills and knowledge	State and ULB level officials, staff and contractor who have been trained under the project	Half-yearly	JUIDCO	JUIDCO MIS	JUIDCO
Proportion of women officials and staff trained					
1.2. Km of new/improved drainage services provided under the Project		Half-yearly	JUIDCO		JUIDCO
2.3. Number of ULBs will eGovernance systems commissioned		Half-yearly	SUDA		JUIDCO and SUDA
2.4. State agencies implementing eGovernance leading to improved efficiency and transparency		Annual	JUIDCO, SUDA, JUPMI		JUIDCO



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Proportion of PMU and PIUs fully staffed and functioning to provide project support and oversight to participating ULBs and state agencies	Proportion of number of staff available vs. number of staff positions approved; aggregated across PMU and PIUs	Half-yearly	JUIDCO	JUIDCO	JUIDCO
Grievances registered related to delivery of project benefits that are actually addressed disaggregated by gender	Grievances registered through various options (phone, visit, online etc.)	Half-yearly	JUIDCO	JUIDCO and Operators	JUIDCO
Proportion of participating ULBs with active anti-harrasment cells	Investments that have set-up anti-harassment cells in line with orders issued by Government of Jharkhand.	Annual	ULB	JUIDCO	JUIDCO



## ANNEX: IMPLEMENTATION ARRANGEMENTS AND SUPPORT PLAN

COUNTRY : India

Jharkhand Municipal Development Project

### Institutional Arrangements

- 1. Oversight.** At the highest level, the JUIDCO Board of Directors—chaired by the Secretary, UDHD, and including principal secretaries/secretaries of the Departments of Finance, Environment and Forest, Road Construction, and Building Construction, the Director, DMA, and the Company Secretary of JUIDCO—will provide oversight and policy decisions. The JUIDCO Board convenes once every quarter in accordance with the requirements of the Companies Act 2013; and will provide guidance and address any major issues that arise during implementation.
- 2. Responsibility for implementation of project components.** JUIDCO will be the central agency for coordination and reporting of all components under the JMDP. It will be the implementing agency for the JMDP. Component 1 will be implemented by JUIDCO; however, in case specific infrastructure investments require specialized inputs not available within JUIDCO, an SIA will be brought on board for subproject implementation. In such cases, JUIDCO and the concerned SIA will enter into a subproject agreement in line with the terms and conditions mentioned in the Project OM. The SIA will agree on all procurement activities with JUIDCO, and undertake all procurement related to the subproject as agreed with JUIDCO. JUIDCO will be the procurement agency for all activities under Component 2; day-to-day implementation of Subcomponent 2.1 will be under the aegis of SUDA to ensure harmonization with other similar activities in the state. JUIDCO will be the implementing agency for Component 3, but may delegate specific activities to SIAs, if required.
- 3. PMU.** A PMU will be set-up within JUIDCO/SIA, and in the case of subprojects implemented by an SIA, an extended PMU will be created within the SIA, both based in Ranchi. The PMU will be responsible for day-to-day project management, coordination, and implementation. It will lead project planning, interinstitutional coordination, and monitoring of performance in line with the project implementation schedule as well as facilitate day-to-day decisions for implementing 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.
- 4.** 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, FM specialist, social specialist, institutional development specialist, and contract management specialist. Additional PMU staff deployed within the SIA may include a project coordinator, a sector specialist, and an accountant for undertaking PMU functions in consonance with the PMU team in JUIDCO.
- 5. PIUs.** JUIDCO and/or SIAs will set up PIUs at the city level responsible for day-to-day implementation of subprojects. The PIUs will undertake execution supervision, supervision of safeguard



compliance, reporting, and other coordination activities. The PIUs would be headed by a project manager, who will be at the level of an assistant engineer or higher, based on the volume and complexity of subprojects being implemented in that city. In addition, PIUs will include a site engineer, a contract management specialist, an environment expert, a social expert and, if required, an accountant. At least one municipal engineer from the ULB, at the level of assistant engineer or higher, will be a part of the PIU. This will ensure ULBs' awareness of critical aspects of subproject implementation, as well as its ownership, which will help in ensuring effective O&M. During the O&M stage, JUIDCO will provide mentoring and demand-based handholding support to the ULBs. To ensure clear understanding of the roles and responsibilities for implementation of subproject investments, a tri-partite implementation agreement (TPIA) will be signed between JUIDCO, the ULB, and the UDHD. ULBs will be responsible for public disclosure and consultation, as well as addressing complaints and grievances related to their institutional actions and subprojects during O&M. TPIAs will be signed only in the case of DBOT contracts. In all other contract types, memorandums of understanding will be signed.

6. **Reforms Management Unit (RMU).** An RMU will be set up within SUDA, consisting of relevant experts of the AMRUT State Mission Management Unit house. The RMU will undertake the day-to-day implementation of Component 2. Procurement for Component 2 will be undertaken by JUIDCO with technical inputs from the RMU. For all procurements under this component, bid evaluation committees will be constituted by JUIDCO with matching representation from JUIDCO and RMU/SUDA/UDHD. Contract management of services procured under this component will be the responsibility of JUIDCO, but all day-to-day technical activities and deliverables will be monitored and approved by the Director, SUDA. For project management and monitoring, the RMU will report to the Project Director, and provide periodic progress reports on Component 2.

7. **PMC.** The PMU will be supported by the existing JUIDCO PMCs (J-PMCs) specific to a subproject. J-PMCs are consulting firms contracted by JUIDCO to prepare DPRs, detailed drawings, good for construction drawings, procurement support, and construction supervision of specific subprojects. J-PMCs have already been mobilized by JUIDCO and currently two J-PMCs (for Khunti water and Dhanbad roads) are involved in the preparation of DPRs and the procurement of subproject contractors (for the Dhanbad road subprojects) and the DBOT operator (for the Khunti water subproject).

8. JUIDCO will also bring on board a World Bank project (JMDP) sponsored Project Management Consultant (WB-PMC) who will support the PMU in ensuring compliance with the requirements of the JMDP, provide overall quality control inputs on the design and implementation of subprojects, and support the setting up of and executing reporting systems at the PMU and PIU levels. The WB-PMC will support the PMU to (a) prepare and implement annual work plans, Procurement Plans, and budgets for the project; (b) monitor project targets and take necessary remedial actions; (c) undertake project reporting to the GoJ and the World Bank; (d) verify and evaluate project performance against the Results Framework agreed with the World Bank; (e) manage project accounts and audit; and (f) manage consultancy contracts, and provide demand-based support to the PIUs in subproject implementation, especially when the J-PMC is unable to discharge its functions effectively. In addition, the WB-PMC will, among others: support JUIDCO in screening of ULB DPRs and preparing a pipeline of subprojects; undertake appraisal of applications received; identify and prepare subprojects for potential JMDP implementation, including detailed designs, bid documents, and safeguard compliance; and support bid evaluation and contract management, where a J-PMC has not already been contracted by JUIDCO for such subprojects. Where J-PMCs have been contracted by JUIDCO, the WB-PMC will provide quality assurance



support to the PMU for subproject implementation, including spot supervision and contractor/operator management.

9. The roles of the J-PMC and WB-PMC have been clearly mapped in the JMDP OM (including on admeasurement contracts, as well as DBOT contracts) to ensure that there are no overlaps of functions. The J-PMC will be mobilized at the subproject level, while the WB-PMC will be mobilized at the PMU and PIU levels. The WB-PMC will also be tasked with building the institutional capacity of JUIDCO and will undertake some of the functions envisaged under support to JUIDCO under Subcomponent 2.2. The WB-PMC will also support the PMU for handholding of ULBs on O&M activities and will mobilize team members in case of a request from the ULB for specific O&M support in consultation with the PMU.

10. **CSQC consultant.** The JUIDCO PMU will procure an independent CSQC consultant to support the implementation of Component 1 investments in terms of monitoring and supervision of subproject implementation. The CSQC will review the effectiveness of construction management procedures being adopted by the contractor/operator, undertake quality assurance of construction supervision arrangements, recommend improvements and actions, and ensure that works done are according to agreed schedules and agreed quality standards. The CSQC will also provide day-to-day supervision support to the PIUs through site visits, attendance at site meetings, review of measurement of works, and review of certification of payments to contractors, and ensure that provisions of the environment and social management plans are duly complied with by the contractor/operator. The CSQC will report to the PMU through the respective PIUs. Quality certification from the CSQC consultant would be necessary before releasing payments to contractors/operators.

11. **Reforms support consultant (RSC).** An RSC will be engaged to support the RMU in implementing Component 2. The RSC will be deployed at the state level (in Ranchi) and at regional levels (mapped to existing GoJ divisions), wherein the regional team of the RSC will lead the implementation of Subcomponent 2.1. If required, the RSC will be required to deploy city-level teams when the two city-specific interventions (budgeting support for five ULBs and credit rating improvement support to two ULBs) do not map to the divisional headquarters.

### **Financial Management**

12. All FM functions will be centralized at JUIDCO. JUIDCO will prepare an annual work and financial plan (with necessary inputs from SIAs and SUDA) for the three project components.

13. **Flow of Funds.** The GoJ will pre-finance project expenditures through budgetary grants. The GoJ will allot a budget to the UDHD based on the annual project budget approved by the legislature. The UDHD, in turn, will allot funds to JUIDCO, the SIA, and SUDA based on approved work plans and fund requests. For city-level subprojects under Component 1, the budget will be allotted to JUIDCO based on fund requirements for approved subprojects. For the institutional development component, JUIDCO will make payments to vendors/consultants based on approvals given by SUDA. Only payments related to day-to-day incremental operating costs will be handled by SUDA. Based on their allotments, JUIDCO and SUDA will transact through their PL accounts in treasury. In the case of an SIA, the UDHD DDO will draw funds from Treasury and transfer it to a project-specific bank account of the SIA. JUIDCO and SIAs may transfer funds to other agencies such as the Jharkhand State Electricity Board, Forest Department, and so on responsible for utility shifting, based on their periodic fund requests and work plan. For utility shifting,



concerned departments/agencies would implement project-specific activities as deposit works using deposit accounts according to the existing system in the state. Funds may also flow to ULBs in the latter part of the project, in such case the detailed arrangements will be agreed and documented in the OM.

14. **Financial reporting.** JUIDCO will submit consolidated quarterly interim unaudited financial reports (IUFs) in agreed formats based on which the World Bank will reimburse project expenditures to the GoJ. This will also include expenditures reported by SIAs and SUDA. The GoJ will transfer funds received from the World Bank to the GoJ based on standard arrangements between the center and the states.

15. **External audit.** The Comptroller and Auditor General of India will appoint a firm of chartered accountants to conduct the audit of JUIDCO as per relevant provisions of Companies Act 2013. JUIDCO's statutory audit will also cover audit of the project financial statements. The auditor will provide a separate audit opinion on the project financial statements. Annual audited financial statements of the project, along with the entity audit report approved by the Board of JUIDCO, will be submitted to the World Bank within six months of the end of the financial year. The audit reports will be disclosed on the websites of JUIDCO and the World Bank.

16. **Internal control and internal audit.** The internal control framework of the project will be based on the existing Treasury Code of the state, the financial powers of delegation approved by JUIDCO's Board, operational guidelines laid down for the project, and other relevant government orders issued by the UDHD and JUIDCO. At present, there is no system of internal audit in JUIDCO. The project will put in place a system of quarterly internal audit by a private firm of chartered accountants appointed through open competition based on terms of reference agreed with the World Bank. Internal audit will ensure that adequate internal controls exist to provide assurance that project funds are being used efficiently for intended purposes and that the controls are operating as intended. All entities to which project funds flow will be covered under the abovementioned external and internal audits.

17. **Accounting.** JUIDCO will follow accounting standards generally accepted for the public sector in India. JUIDCO has an operational manual which mandates computerized double entry accrual accounting. JUIDCO will maintain separate books of account for this project.

18. Before funds flow to any new SIA selected during the implementation phase of the project for the execution of Component 1, JUIDCO will inform the World Bank in advance so that the necessary fiduciary assessments are conducted, and implementation arrangements as mentioned above are agreed upfront.

### **Disbursements**

19. The World Bank will disburse funds to the GoJ on the basis of eligible project expenditures pre-financed by the GoJ through budgetary grants and reported by consolidated quarterly IUFs submitted by JUIDCO in formats agreed with the World Bank. The applicable disbursement method will be Reimbursement. Funds will be disbursed by the World Bank according to table 1.1.



Table 1.1. Project Disbursement Categories

Departments	Category	Description	Approximate Estimated Cost/Duration/Section Methods and Market Approach Options
JUIDCO/SIA	Works	Including water supply and water works	RFB-National; RFQ-National
	Goods	Vehicles, computers and accessories, survey equipment, lab testing equipment, software, and so on	RFB-National, RFQ- National, GeM; a few may be DS
	Consultancy	ESMF, PMC, CSQC, internal audit, third-party technical supervision, environmental assessment, and so on and research activities, capacity-building activities	QCBS, LCS, FBS, CQS, a few may be DS

Note: CQS = Selection based on Consultant’s Qualifications; DS = Direct Selection; FBS = Selection under a Fixed Budget; GeM = Government e-Marketplace; LCS = Least-Cost Selection; QCBS = Quality- and Cost-Based Selection; RFB = Request for Bids; RFQ = Request for Quotations.

Table 1.2. Procurement and Contract Approaches

Attribute	Selected Arrangement
Best and Final Offer	No
Negotiations	No

20. **Retroactive financing.** Payments made for project activities up to 12 months before the date of signing of the Loan Agreement and in compliance with the World Bank’s Procurement Regulations will be eligible for retroactive financing of up to 20 percent of the IBRD loan amount.

21. **Reimbursement of project preparation and supervision fees charged by JUIDCO/SIA.** Fees charged by JUIDCO/SIA for the preparation and supervision of infrastructure projects would be eligible for reimbursement by the World Bank from the loan, subject to the presentation of documentation for such expenses (for example, staff costs, overhead costs, and consultancy costs) by JUIDCO/SIA.

**Procurement**

22. Procurement for the proposed project will be carried out in accordance with the World Bank’s ‘Regulations’. The project will be subject to the World Bank’s Anticorruption Guidelines, dated October 15, 2006, and revised in January 2011 and July 2016.

23. **PPSD.** A PPST has been developed for the project. Extensive market analysis has been carried out for different packages of procurement and based on the findings, decisions on packages and lots have been finalized for civil works to ensure adequate participation of bidders. Consultancy contracts have been framed based on market research and packaging in terms of scope of services and period. The project will use GeM for goods and works procurement below NCP thresholds. Based on the risks and market analysis, the Procurement Plan has been prepared to set out the selection methods to be used



during project implementation for the procurement of goods, works, non-consulting, and consulting services financed by the loan as shown in table 1.2.

24. **Systematic Tracking of Exchanges in Procurement (STEP).** The details of the procurement activities including the Procurement Plan, have been prepared and entered in the STEP system. The project will implement STEP, a planning and tracking system for procurement activities. Initial training on the operation of the STEP system has been provided to the procurement staff of the implementing agencies.

25. **E-procurement system.** The implementing agencies will be using the NIC e-procurement system for all International Competitive Bidding/NCB procurements. The NIC e-procurement system assessment was carried out against the multilateral development banks' requirements and has been accepted for use for procurements under World Bank-funded projects. This is likely to increase the efficiency and transparency of procurement. Based on the packages already identified, majority of the procurement is likely to use the NCP method.

26. **Procurement capacity.** A procurement assessment of the implementing agencies, JUIDCO/SHAJ, has been carried out. The project procurement risk established for this operation is 'Substantial'. The assessment reviewed the implementing agencies' organizational structures and the current operation environment available for implementing procurement transactions expected by the project. Most of the issues/risks concerning the procurement function for implementation of the project have been identified and include (a) lack of familiarity of implementing agencies' staff with procurement procedures in accordance with World Bank's procurement policies; (b) lack of comprehensive internal procurement manuals and hence, need to improve the set of procedures to ensure fairness and transparency in procurement process ; (c) need for improvement in record keeping; (d) strengthening the procurement review function and resolution of complaints; and (e) need for building capacity of the staff in procurement and contract management.

27. **Procurement planning.** For each contract to be financed by the loan, the different procurement methods or consultant selection methods to be used, the need for pre-qualification, estimated costs, prior review requirements, and time frame are reflected in the Procurement Plan agreed between the GoJ and the World Bank. The Procurement Plan will be uploaded in STEP.

28. **Retroactive financing.** The project will carry out retroactive financing of civil works, consultancies, and other eligible costs not exceeding 20 percent of the loan. Payments made by JUIDCO/SIAs during the 12 months before the loan signing date for the contracts awarded in compliance with World Bank procurement procedures will be eligible for retroactive financing.

29. **Procurement training.** Key staff may be sent for training at the Indian Institute of Management, Lucknow; Administrative Staff College of India (ASCI), Hyderabad; and National Institute of Financial Management, Faridabad. The project may also avail of the free Massive Open Online Course on public procurement ([www.procurementlearning.org](http://www.procurementlearning.org)) offered by the World Bank, as well as the paid Professional Diploma in Public Procurement delivered through the Charter of Public Procurement Studies.

30. **Procurement risk assessment.** Table 1.3 describes major procurement-related risks and the mitigation plan. The risk ratings have been decided based on the probability of occurrence of various



events, as well as their likely impact. The overall residual procurement risk rating for the project is determined as 'Substantial'. The residual risk rating on procurement will be reviewed and updated periodically by the World Bank.

**Table 1.3. Assessed Procurement Risks and Mitigation Measures**

<b>Risk Factor</b>	<b>Initial Risk</b>	<b>Mitigation Measure</b>	<b>Completion Date</b>	<b>Residual Risk</b>
Limited capacity and inefficiencies resulting in delays in procurement and contract management processes	Substantial	<ul style="list-style-type: none"> <li>• Use of skilled procurement staffs for handling procurement activities</li> <li>• Monitoring through the Procurement Plan and quarterly reports</li> <li>• Use of e-procurement and contract management tools</li> <li>• Participation in trainings and workshops</li> </ul>	Continuous from Year 1	Substantial
Noncompliance with agreed procurement arrangements	Substantial	<ul style="list-style-type: none"> <li>• Training and handholding provided by the World Bank</li> <li>• Prior and post reviews by the World Bank</li> <li>• Internal and external audits</li> </ul>	Continuous from Year 1	Substantial
External interference in the procurement process	Substantial	<ul style="list-style-type: none"> <li>• Disclosure of procurement-related information</li> <li>• Appropriate handling of complaints</li> </ul>	Continuous from Year 1	Substantial
<b>Overall Risk</b>	<b>Substantial</b>			<b>Substantial</b>

31. **Procurement methods.** Table 1.4 describes the various procurement methods to be used for activities financed by the loan. The thresholds indicated in table 1.4 will apply to the initial 18 months of implementation and may be modified during project implementation based on procurement performance.

**Table 1.4. Procurement Methods**

<b>Procurement Approaches and Methods</b>	<b>Thresholds (US\$ Equivalent)</b>
Open international (goods, IT, and non-consulting services)	> 3 million
Open national (goods, IT, and non-consulting services)	> 100,000 and up to 3 million
National RFQ (goods/works)	Up to 100,000
Open international (works)	> 40 million
Open national (works)	> 100,000 and up to 40 million
DS	No threshold; For goods/works/non-consulting services: According to paragraphs 6.8–6.10 of the Regulations; For consultants: According to paragraphs 7.13–7.15 of the regulations
Shortlist of national consultants	Up to 800,000

32. **Procurement prior-review thresholds.** The World Bank will prior review contracts above the threshold indicated below:



- (a) **Works.** All contracts more than US\$10 million equivalent.
- (b) **Goods and IT.** All contracts more than US\$2 million equivalent.
- (c) **Non-consulting services.** All contracts more than US\$2 million equivalent.
- (d) **Consultants.** All contracts greater than US\$1 million equivalent for firms and greater than US\$300,000 equivalent for individuals.

33. **National procurement procedure conditions.** National competition for the procurement of goods, works, and non-consulting services according to established thresholds will be conducted in accordance with paragraphs 5.3–5.5 of Section V of the Regulations and the provisions contained in the Loan Agreement and the following:

- (a) Only the model bidding documents agreed with the World Bank (and as amended from time to time) shall be used for bidding.
- (b) Invitations to bid shall be advertised in at least one widely circulated national daily newspaper (or on a widely used website or electronic portal with free national and international access along with an abridged version of the said advertisement published in a widely circulated national daily, among others, giving the website/electronic portal details from which the details of the invitation to bid can be downloaded) at least 30 days before the deadline for the submission of bids.
- (c) No special preferences will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state-owned enterprises, small-scale enterprises, or enterprises from any given state.
- (d) Extension of bid validity shall not be allowed with reference to contracts subject to the World Bank prior review without the prior concurrence of the World Bank (i) for the first request for extension if it is longer than four weeks and (ii) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by the World Bank only in cases of force majeure and circumstances beyond the control of the purchaser/employer).
- (e) Re-bidding shall not be carried out with reference to contracts subject to the World Bank prior review without the prior concurrence of the World Bank.
- (f) The system of rejecting bids outside a predetermined margin or 'bracket' of prices shall not be used in the project.
- (g) To improve efficiency and transparency of small-value purchases in World Bank-financed projects, the World Bank has agreed to allow the use of GeM as follows: (i) GeM is allowed in lieu of shopping up to US\$30,000 in catalog mode; (ii) GeM is allowed in lieu of shopping up to US\$100,000 provided there are at least three suppliers for the item on GeM and the purchaser uses RFQ (mini competition or bidding among suppliers) feature on GeM to discover the final price; (iii) in both the above cases, borrowers will record their assessment on the reasonableness of price; and (iv) GeM is not to be used in lieu of NCB.



- (h) No negotiations are conducted even with the lowest evaluated responsive bidders.
- (i) Two or three envelope systems will not be used except when using e-procurement system assessed and agreed by the World Bank.

34. **Disclosure of procurement information.** The following documents shall be disclosed on the project/state websites: (a) a Procurement Plan and updates, (b) an invitation for bids for goods and works for all contracts, (c) request for expression of interest for selection/hiring of consulting services, (d) contract awards of goods and works procured under international and national procedures, (e) a list of contracts/purchase orders placed under shopping procedures on a quarterly basis, (f) a list of contracts under Direct Contracting on a quarterly basis, (g) a monthly financial and physical progress report of all contracts, and (h) an action taken report on the complaints received on a quarterly basis.

35. The following details shall be sent to the World Bank for publishing on the United Nations Development Business and the World Bank external website: (a) an invitation for bids for procurement of goods and works using Open International Bidding procedures, (b) contract award details of all procurement of goods and works using Open International Bidding procedure, and (c) a list of contracts/purchase orders placed following Direct Contracting procedures on a quarterly basis.

36. Further, implementing agencies will also publish on their websites any information required under the provisions of 'Suo moto' disclosure as specified by the Right to Information Act.

## **Implementation Support Plan**

### **Strategy and Approach for Implementation Support**

37. The Implementation Support Plan will focus on addressing the key risks identified in the SORT analysis, namely institutional capacity for implementation and sustainability, fiduciary, and environment and social aspects. Regular channels of coordination and communication will be maintained with JUIDCO, SUDA, and UDHD to support overall implementation, with a specific focus on the risk areas. The modalities of coordination include maintaining a regular dialogue with the project counterparts; undertaking periodic joint reviews at least twice per year, with a focus on key issues; and conducting field visits to the participating ULBs and regional PIUs.

### **Implementation Support Plan and Resource Requirements**

38. Semiannual implementation support missions will be supplemented by additional missions during the first 12–18 months of project implementation. In addition to formal missions, the World Bank will provide as needed, continuous implementation support from the Delhi office through short interim technical missions, phone, and videoconference consultations. In addition, a senior consultant will be based in Ranchi for day-to-day coordination and more effective communication and support during the first year of implementation.

39. **First 12 months.** The World Bank will provide intensive implementation support during the crucial first year of project implementation in the following areas:



- (a) **Technical design of the project.** World Bank support will focus on the screening of new subprojects, as well as the implementation of the first 30 percent investments. Other activities that will require special attention are the start-up of PMCs. In addition, The World Bank will follow up on and review DPRs for the subsequent round of investments under Component 1.
- (b) **Institutional capacity for implementation and sustainability.** The World Bank will review the work of the PMC on both technical and fiduciary activities, as well as its role in capacity building and institutional sustainability of the participating ULBs and support to the PIUs. The World Bank will also monitor the timely appointment and effective functioning of (i) the CSQC in their support to the PIUs for bigger size investments and (ii) institutional strengthening support consultants under Component 2.
- (c) **Fiduciary aspects.** The World Bank will provide dedicated assistance in procurement and FM systems, including both formal and informal training on the World Bank's fiduciary systems and procedures for World Bank projects (for example, preparation and regular updating of Procurement Plans, FM reports, and so on).
- (d) **Environmental and social aspects.** Dedicated support will be provided for the familiarization and rollout of the JMDP ESMF, the subproject ESAs, and, where required, ESMPs. This will apply both to the first batch of initial investments, and the screening of new subprojects. Close monitoring will be provided to subprojects with specific social and environmental risks.

40. **After the first 12 months.** After the initial 12 months of project implementation, support from the World Bank will continue through the following implementation support activities:

- (a) **Technical design of the project.** Most of the support provided during the outer years of implementation will entail working closely with the PMU to build a strong pipeline of subprojects and achieve 100 percent commitment of Component 1. The screening and appraisal of project is expected to require special attention. Ensuring that the right types of contracts are established and are properly managed will also require close monitoring. Regular field visits will take place to monitor implementation on the ground (including support to the ULBs for successful O&M and ownership) of investments, as well as capacity-building and reform activities.
- (b) **Institutional capacity for implementation and sustainability.** Dedicated members of the World Bank team with an institutional and capacity-building background will help oversee the output of the consultants engaged for institutional strengthening. The World Bank will work closely with the PMU and the PMC team to ensure good project implementation support and that appropriate capacity is built at both the state, regional PIU, and ULB levels in terms of the sustainability of the investments. Support to the Technical Unit in the PMU will particularly focus on the preparation and finalization of DPRs for urban infrastructure subprojects.
- (c) **Fiduciary aspects.** Regular monitoring and support of procurement and FM activities will continue throughout the duration of the project. Specific activities include procurement



prior and post reviews, preparation of timely and comprehensive financial reports (IUFs, annual financial statements, annual audit reports, and so on). This support will be provided both during the implementation support mission as well as through permanent channels of communication between the teams. On-demand training, as well as refresher courses on various fiduciary aspects (SEPA, Client Connection, and so on) are also envisioned.

- (d) **Environmental and social aspects.** These aspects include (i) review of environmental and social safeguard documents (ESMPs and RAPs) for subprojects under Component 1 to confirm compliance with World Bank policies and the ESMF; (ii) carrying out field visits to sensitive sites with significant safeguard risks; (iii) review of environmental and social audit reports to address safeguard related risks; and (iv) prompt follow-up on satisfactory implementation of the project-level GRS and on any complaints received under the corporate GRS.

41. **Midterm review (MTR) and project completion.** Around the third year of project implementation, guidance will be provided to the PMU to prepare for the MTR of the project and to identify any changes that may be required to the project design. Toward the end of the project, additional support will be provided to ensure proper project completion and documentation, including any final evaluations and account reconciliations.

42. **Skills needed.** The following skills are needed for providing the above support:

- (a) Engineering skills to review and advice on designs, costing, and execution of urban services, such as roads, drainage, water supply, and sanitation
- (b) Institutional development and capacity-building knowledge and expertise related to state and municipal urban institutions
- (c) Municipal finance, including knowledge of own-source revenue generation
- (d) Environmental management expertise
- (e) Expertise on social aspects
- (f) Procurement
- (g) FM

**Table 1.5. Estimated Effort and Budget for Implementation Support**

Time	Focus	Skills Needed	Resource Estimate (US\$)
First 12 months	<ul style="list-style-type: none"> <li>Project start-up</li> <li>Mobilization of teams from the PMU, PIUs, and PMC</li> <li>Begin implementation of 30% upfront investments</li> <li>DPR preparation and appraisal of future investments</li> <li>Preparation of terms of reference for Institutional reform</li> <li>Communication campaigns at the ULB level for both reforms and investments</li> <li>Implementation and refinement of ESMF</li> <li>Setting up of PMUs and regional PIUs.</li> </ul>	<ul style="list-style-type: none"> <li>Engineering/ technical</li> <li>Institutional strengthening and capacity building</li> <li>Municipal finance</li> <li>Procurement, FM</li> <li>Environmental</li> <li>Social</li> </ul>	175,000
12 months onwards	<ul style="list-style-type: none"> <li>Periodic reviews encompassing both all technical and fiduciary elements</li> <li>Specific handholding support (as needed)</li> <li>Preparation for MTR and project closure</li> </ul>	<ul style="list-style-type: none"> <li>Engineering/technical</li> <li>Institutional strengthening and capacity building</li> <li>Municipal finance</li> <li>Procurement</li> <li>FM</li> <li>Environmental</li> <li>Social</li> <li>M&amp;E specialist</li> </ul>	100,000 x 5 = 500,000
		<b>Total</b>	<b>600,000</b>

**Table 1.6. Skills Mix Required**

Skills Needed	Number of Staff Weeks (per year)	Number of Trips (per year)
Task team leader and co-task team leader	15	6
Engineering/technical	12	4
Institutional development/capacity building	6	4
Municipal finance/credit enhancement	4	2
Procurement	4	3
FM	4	3
Environmental	4	4
Social	4	4
M&E	4	2