



Project Summary Information (PSI)

Project Name	Andhra Pradesh Urban Water Supply & Septage Management Improvement Project
Country	Republic of India
Sector	Water / Water Supply and Sanitation
Project No	000079
Borrower	Republic of India
Implementing Entity	Government of Andhra Pradesh, Andhra Pradesh Urban Finance Infrastructure and Development Corporation
Environmental and Social	Category A
Date of PSI preparation or update	Oct. 10, 2018
Date of Concept Approval	Apr. 12, 2018
Date of Appraisal Approval	Oct. 8, 2018
Estimated Date of Board Consideration	Dec. 2018

I. Introduction

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

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

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

Abhiyan Mission (SBAM) which aims to clean up cities, urban and rural areas and to end open defecation by 2019.

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

Since the AMRUT program does not provide coverage for Urban Local Bodies (ULBs) with a population of less than 100,000 inhabitants, leaving a significant share of the population uncovered, the GoAP has decided to launch the Andhra Pradesh Urban Water Supply & Septage Management Improvement project (APUWSSMIP; project) to cover the remaining inhabitants in all 50 ULBs. The project will also supplement with the Gol's SBAM, which will upgrade septage management and the necessary treatment facilities, and the Critical Infrastructure Investment Plan (CIIP) to meet the urban infrastructure gap in Andhra Pradesh.

II. Project Objective and Expected Results

The overall project objective is to provide safe drinking water through piped water supply to 3.3 million people in Andhra Pradesh, and to improve service levels and strengthen sustainable service delivery.

The expected results are: (i) Increased access to safe drinking water supply and improved service quality; (ii) Improved sanitation and drainage infrastructure in five selected pilot ULBs; and (iii) Strengthened institutional capacity of the ULBs in the management and of municipal services and improved public health security.

III. Project Description

The proposed project will include investments in water supply infrastructure which comprises of construction of intakes at raw water source, raw water transmission mains, water treatment plants, clear water transmission mains, treated water storages, distribution networks and household service connections in 50 ULBs in Andhra Pradesh. The project also includes investments in sanitation and drainage works in five pilot project ULBs. In few project ULBs, the partial existing infrastructure will be rehabilitated and augmented to be used with the newly created infrastructure. To maximize economic benefits, enhance public health security, and ensure a safe environment, it is essential that the investments in water supply and sanitation services be carried out as "one" integrated solution. The project will be implemented in two phases. Phase 1 covers 21 ULBs and Phase 2 will comprise of the remaining 29 ULBs.

IV. Environmental and Social

The project has been screened and reviewed with reference to the AIIB's Environmental and Social Policy (ESP). The project has been assigned Category "A" in accordance with the ESP and Environmental and Social Standards (ESS). The anticipated environmental and social risks and impacts of the project, implemented across 50 ULBs, are related to land acquisition, Indigenous Peoples (Scheduled Tribes), physical displacements and resettlement of both land

owners and encroachers. Other temporary and reversible risks are envisaged during the construction of the water intake sources, water treatment plants, clear water transmission mains, treated water storages, and distribution networks. As required by the Bank’s ESP for Category ‘A’ projects, an ESMF has been developed for the entire project comprising of 50 ULBs. The ESMF has a generic Environmental and Social Management Plan (ESMP). The ESMF provides guidance on preparation of Environmental and Social Impact Assessments (ESIA) for the ULBs and develop location specific ESMPs. All environmental and social risks and their mitigation measures has been identified and documented in the ESMF. To address issues of land acquisition, physical and economic displacements, either of temporary or permanent nature, a Resettlement Policy Framework (RPF) has been formulated. To address the potential impacts on Scheduled Tribe populations a Tribal Peoples Planning Framework (TPPF) has been developed. A multi-tier GRM will be set up along the vertical hierarchy of the administration up to the apex body at the state level.

All the E&S documents, i.e., ESMF, TPPF and RPF have been disclosed in the APUFIDC website following a Public Consultation with the representatives of the ULBs selected under Phase 1 of the project.

V. Estimated Project Cost and Financing Source (USD million)

The total project cost is estimated at USD570 million. The proposed AIIB investment is a loan of USD400 million. The indicative Financing Plan is provided below:

Financing Source	Project Cost (million USD)
Government of AP	170
AIIB	400
Total	570

VI. Implementation

The Andhra Pradesh Urban Finance and Infrastructure Development Corporation (APUFIDC) is assigned by GoAP as the Project Implementing Entity and will lead, coordinate the project preparation, pre- and post-implementation activities and monitor the overall implementation of the project. APUFIDC is the main focal agency for the Bank for the project. The Public Health & Municipal Engineering Department, GoAP, is the Project Implementing Agency and will implement the project in coordination with the APUFIDC and the respective ULBs.

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

Proposed project implementation period: Jan. 2019 to Dec. 2023.

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