



# Appraisal Environmental and Social Review Summary

## Appraisal Stage

### (ESRS Appraisal Stage)

Date Prepared/Updated: 10/17/2024 | Report No: ESRSA03761

**I. BASIC INFORMATION****A. Basic Operation Data**

|                                |   |                          |                                      |
|--------------------------------|---|--------------------------|--------------------------------------|
| Operation ID                   | Product   | Operation Acronym        | Approval Fiscal Year                 |
| P181463                        | Program-for-Results Financing (PforR)   | MahaSTRIDE               | 2025                                 |
| Operation Name                 | Maharashtra Strengthening Institutional Capabilities in Districts for Enabling Growth Operation |                          |                                      |
| Country/Region Code            | Beneficiary country/countries (borrower, recipient)   | Region                   | Practice Area (Lead)                 |
| India                          | India   | SOUTH ASIA               | Macroeconomics, Trade and Investment |
| Borrower(s)                    | Implementing Agency(ies)  | Estimated Appraisal Date | Estimated Board Date                 |
| India                          | Planning Department, Government of Maharashtra  | 07-Aug-2024              | 19-Nov-2024                          |
| Estimated Decision Review Date | Total Project Cost  |                          |                                      |
| 23-Jul-2024                    | 268,970,000.00  |                          |                                      |

**Proposed Development Objective**

To strengthen institutional capabilities, services, and the data ecosystem for enabling inclusive growth in districts of Maharashtra

**B. Is the operation being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project Activities**

This operation supports implementation of the economic growth roadmap of the State. It aims to (i) equip district administrations with necessary capacity, tools, and data to implement interventions that can provide a bottoms-up push to growth; (ii) strengthen delivery of government services to business to provide an enabling operating environment; and (iii) improve availability of evidence for policy and decision making.

**D. Environmental and Social Overview**



## **D.1 Overview of Environmental and Social Project Settings**

Maharashtra Strengthening Institutional Capabilities in Districts for Enabling Growth (MahaSTRIDE) will be implemented in the state of Maharashtra, which is the third largest state in India (in terms of area) after Rajasthan and Madhya Pradesh, covering an area of 307,713 sq.km. The population of the State was 11.24 crore (112 million approx.) as per the Census 2011, which was 9.3 percent of India's total population, making it the second most populous state in the country after Uttar Pradesh. The population density is 365 per sq.km, which is less than the national average. Sex ratio is 929 females per 1000 males and child sex ratio is 894. About 82 percent of population is literate. Nearly 55 percent reside in rural areas while 45 percent of the population lives in urban areas. People living in the slums constitute about 10 percent of the state's total population. About 11.8 percent are scheduled castes and 9.3 percent are scheduled tribes.

The State is the single largest contributor to India's economy with a share of 14 percent to national GDP. While Maharashtra is one of the most industrialized states in India, service sector dominates the state's economy, accounting for 69.3 percent of the output value. Agriculture accounts for 12 percent of the state's GDP but employs nearly half of state's workforce. The state's capital, Mumbai, is India's financial and commercial capital. India's largest stock exchange - Bombay Stock Exchange, the oldest in Asia, is located in the city, as is the National Stock Exchange, which is the second largest in India and one of world's largest derivatives exchanges.

The state performs high on literacy, education, health, women's workforce participation and other development indicators. Only 17.3 percent of the state's households are classified as Below Poverty Line (BPL) compared with the India average of 22 percent. On the composite Sustainable Development Goals (SDG) India 2020-21 Index, Maharashtra is in the 'front-runners' category of performers with a score of 70 against an all-India score of 66.

The Godavari and Krishna are the two major rivers in the state and the forest cover is 16.47 percent of the state's geographical area. The state is also a home to six World Heritage Sites (recognized by United Nations Educational, Scientific and Cultural Organization - UNESCO), namely - Ajanta Caves, Ellora Caves, Elephanta Caves, Chhatrapati Shivaji Maharaj Terminus (formerly Victoria Terminus), the Victorian Gothic and Art Deco Ensembles of Mumbai and the Western Ghats.

The State's economic growth is threatened by high vulnerability to the impacts of climate change. Located on the Arabian Sea coast, the state of Maharashtra is prone to various disasters like droughts, floods, rainfall, cyclones, earthquake, and accidents. It is reeling from the impacts of climate change, particularly with frequent droughts, heat waves and floods. Being a major agricultural state, changes in temperature and rainfall patterns can have a significant impact on crop yields and food security as well.

Dependency on weather conditions, increasing number of marginal and small farmers and reduction in operational holdings, low productivity, high expenses leading to non-profitability and market uncertainty continue to be the prime concerns creating economic uncertainties for the farmers in the state. Drought conditions, declining green cover, rapid industrialization, unplanned urban expansion, pollution, waste management issues and uneven distribution of growth are some key challenges faced by the state.

The region-wise performance on the Social Development Index (SDI) highlights the regional imbalance in Maharashtra. The Western region is the most developed and gets one of the largest shares of the state's funding, and their locational



advantage leads to the region being abundant with industries (almost three-fourths industries of the state are located in this region). The three regions of Marathwada, Vidarbha, and Khandesh rank low in terms of economic and social development indicators as compared to the rest of Maharashtra. The benefits of growth have neither spread equally across regions nor social groups. Scheduled castes, minorities, tribal and slum population show incidences of malnutrition, inadequate sanitation, and poor access to water supply and health facilities.

The state is divided into 6 revenue divisions, with 36 districts which are further divided into 109 sub-divisions and 357 talukas. Districts have been assigned a key role in fostering growth, but face capability gaps that constrain coordination of government schemes and convergence in public investment. Districts are also constrained in their capacity on holistic planning and integrating environmental and social considerations for driving sustainable growth. The proposed program targets support to 'districts' for becoming the fulcrum of growth by overcoming these capacity challenges, integrating fund flow, monitoring achievement of outcomes and performance by facilitating evidence-based decision-making at district level and below.

## **D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts**

Maharashtra Institute of Transformation (MITRA) is the nodal implementation agency for the MahaSTRIDE Program. It will be responsible for overall planning, implementation, and monitoring of the activities, results, and funds flows. It will host and be supported by a Operation Management Unit (OMU) in overall management of the operation. MITRA will prepare and adopt the Program Operations Manual (POM) that will guide the implementation of the operation, and will detail the Program Action Plan (PAP), the World Bank Anti-Corruption Guidelines (ACG) Protocol and the Verification Protocol, as well as lay down the framework for the compliance with fiduciary, environmental, social, and other requirements under the Program.

In addition, Operation Implementation Units (OIUs) will be set up and hosted at the four implementing agencies, viz. Directorate of Economics and Statistics (DES), Maharashtra Remote Sensing Application Centre (MRSAC), Maharashtra Right to Public Services (MRTS) Commission - contracted through MITRA and Tourism Department to support implementation of envisaged program interventions.

A State Steering Committee (SSC) and Program Coordination Committee (PCC) have been established for the Program to facilitate inter-departmental coordination. The SSC will inter alia, (i) review and guide program implementation, (ii) approve the annual program action and provide financial and administrative sanction for program activities; and (iii) provide strategic policy advice and orientation. The PCC will support the SSC and (i) review and monitor program implementation and provide guidance to the OMU; (ii) oversee fund flow and disbursements for smooth implementation; (iii) facilitate timely decision making and course correction across all implementing agencies; and (iv) endorse the achievement of results as verified by the Independent Verification Agency (IVA).

Bringing on-board separate expertise (viz. Chief Data Officer and data scientists) to support the State Data Authority (SDA) and MRSAC in institutional strengthening, developing and launching a geo-spatial portal and provide support staff at district level has been proposed as part of the implementation arrangements. In addition, consultancies to provide support at District Strategic Units (DSUs) at both Divisional and District-level in the state as well as a consultancy to carry out a state-wide survey and for supporting development of a database on tourism statistics are also included under the operation. These consultancies, among domain expertise, will also include environment and social experts to support the intended objectives.



The Govt. of Maharashtra has prior and substantial experience with the safeguard requirements of the World Bank through various national and state level projects covering sectors like Urban Transport, Technical Education, Vocational Education, Skills Development, Disaster Management, Water Supply and Agriculture. However, the exposure to Bank's Environmental and Social Framework (ESF) is limited. Also, this is the first World Bank operation being undertaken by the Planning Department (including MITRA, MRSAC and DES).

The E&S risk primarily emerges from weak institutional capacity to identify and mitigate E&S risks during planning and execution of the plans including any potential downstream impacts of District Strategic Plans (DSPs) and Destination Management Plans (DMPs). There is a pertinent need for strengthening the capacities at the Implementing Agencies on environmental and social management, including adherence to national and state regulatory systems by hiring competent professionals at the Monitoring Units, developing E&S guidance/tools and training on E&S risk management. In addition, there is a need to make the PIUs aware of Mission LiFE initiatives and potential opportunities that could be tapped during planning and preparation of proposals. In view of this, the implementation agencies will receive support for capacity strengthening and development for the oversight functions required by the operation from an environment and social management perspective.

## **II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS**

### **A. Environmental and Social Risk Classification (ESRC)**

Moderate

#### **A.1 Environmental Risk Rating**

Moderate

The proposed Program is a hybrid operation. The Program for Results (PforR) instrument will be leveraged for supporting interventions that require a whole-of-government approach and an incentive framework which encourages coordination not only across sectors but also across levels of government. A smaller component will use the Investment Project Financing (IPF) instrument to provide technical assistance support to key implementing agencies. While the Technical Assistance (IPF) component focusses on capacity development and advisory services, with low physical footprints, the nature, magnitude and scale of environment risks and impacts that need to be managed through the "outputs/deliverables" from these services warrant a 'moderate' risk rating based on the assessment (likely downstream effects/impacts) carried out during project preparation - this is specifically applicable to consultancy services supporting Tourism and implementation of District Strategic Plans, which cover a myriad of activities in their fold. The potential environment risks and impacts may emanate from: (a) systems/outputs/deliverables not factoring-in or designed to appropriately assess and manage environmental risks, including those related to resource efficiency, pollution management, biodiversity management and cultural heritage protection, (b) inadequate considerations to address public, community safety and Occupational Health and Safety (OHS) risks in the guidance/advisory support provided under the IPF-Technical Assistance, (c) weakness in the stakeholder engagement process and, (d) lack of appropriate advise on provisions/measures required to deal with temporary disruption to services during upgrading/service delivery improvement works. The ESSA for the PforR component, which the IPF-TA (this project) seeks to support, has analyzed the capacities of MITRA, DES, Planning, Tourism, Industries and other agencies (including selected district administrations) regarding management of environmental aspects in detail and capacity-development measures to address identified gaps have been recommended. The requisite E&S management capacities can be augmented and risks/concerns can be managed



with: (a) appropriate staffing, (b) use of appropriate monitoring tools and, (c) integration of environment, health and safety risks during planning, design, implementation, and reporting for activities covered under the IPF-TA component. This will include support to strengthen systems for compliance on relevant national/state environmental policies and regulations. In addition, the requirements to avoid, minimize, and mitigate potential risks in line with the World Bank's ESF will be incorporated in the Terms of References (ToRs) for developing/supporting cross-cutting Technology, Platforms and various other services envisaged under the operation. Any high/substantial-risk activity, which may result in significant and permanent risks or impacts on environment, will not be eligible under the Program (PforR or IPF). The exclusion list is provided in Environmental and Social Systems Assessment (ESSA) Report and will be further elaborated in the Program Operational Manual. The requirements to manage risks under ESS have been reflected in the Environment and Social Commitment Plan (ESCP)- The Program Operations Manual (POM) will also lay-out the details for strengthening environmental systems for both PforR and associated IPF-TA activities.

Low

## A.2 Social Risk Rating

The Program interventions will result in improved ease and access to information and government services for the people of Maharashtra. The social risk of the IPF component is rated as 'low', since the program will not involve any activities that require additional land acquisition or significant physical footprint. The social risks are likely to be related to: (a) lack of social risk management capacities of the consulting services hired, (b) systems not designed or implemented to adequately represent voice, access and growth for vulnerable groups and areas under the DSPs and DMPs, (c) temporary restriction during upgradation and transition of technology and any change in physical service centers. Any high/substantial-risk activity, which may result in significant and permanent risks or impacts related to communities, their livelihood and customary practices or land acquisition of significant nature and impact, forced eviction, and forced labor, will not be eligible under the Program (PforR or IPF). The exclusion list is provided in Environmental and Social Systems Assessment (ESSA) Report and will be further elaborated in the Program Operational Manual.

## B. Environment and Social Standards (ESS) that Apply to the Activities Being Considered

### B.1 Relevance of Environmental and Social Standards

#### ESS1 - Assessment and Management of Environmental and Social Risks and Impacts

Relevant

ESS 1 is relevant to understand and assess potential environmental and social risks associated with the IPF-TA Component in addition to assessing the overall capacity of implementation agencies to mitigate and manage the potential environmental and social risks. The requirements to avoid, minimize, and mitigate potential risks in line with the World Bank's ESF and Borrower's Systems/Framework will be incorporated in the Terms of References (ToRs) for developing/supporting cross-cutting Technology, Platforms and various other services envisaged under the operation. The requirement to this effect has been reflected in the Environmental and Social Commitment Plan (ESCP), which incorporates the elements/requirements on Stakeholder Engagement and Labor Management, among other provisions. The ESCP outlines the material measures and actions that will be carried out by the Implementation Agencies within an agreed timeframe.

#### ESS10 - Stakeholder Engagement and Information Disclosure

Relevant



ESS 10 is relevant. The Program is designed to improve interface of Government of Maharashtra with the citizens, businesses and within state departments for improving overall efficiency in service delivery. The Program mainstreams stakeholder engagement through beneficiary feedback on the quality of 'identified' services delivered under the program (Aaple Sarkar 2.0, Maitri 2.0 and Udyog Seva Kendras). It is recommended that the Program tracks that the most vulnerable can access the services and provide their feedback. The Program aims to improve existing GRM with multiple mediums (online, toll free helpline and physical desks) for citizens, beneficiaries, and stakeholders to reach out for queries, clarifications, and complaints through Aaple Sarkar 2.0, Maitri 2.0 and Udyog Seva Kendras. The Program is to report on the number of grievances received, resolved, time taken for resolution and analysis on types of grievances. The ESCP includes quarterly reporting on overall stakeholder engagement that would cover: a) consultations throughout the implementation of the IPF-TA activities, consistent with the provisions of ESS 10; b) active efforts to engage with beneficiaries in a culturally appropriate and inclusive manner, as part of the design and implementation of Technical Assistance (TA) activities and their outcomes and, (c) specific attention to be paid to the vulnerable and disadvantaged groups - women, Scheduled Tribes (ST), Scheduled Caste (SC), Other Backward Caste (OBC) and persons with disabilities (PWD). The modes and frequency of engagement would be determined by the needs of the project activity and will be included in the Terms of References (ToRs) of the IPF-TA activities. Information about the project will be made available through online and offline mediums, considering the different access and communication needs of various groups and individuals, especially those who are more disadvantaged or vulnerable. To ensure that a risk-appropriate, consistent, and culturally appropriate approach is taken for stakeholder engagement, the requirements have been integrated into the ESCP.

#### **ESS2 - Labor and Working Conditions**

Relevant

ESS 2 is relevant. The IPF-TA component is expected to involve direct workers in the Operations Management Unit (OMU), Operation Implementation Units (OIUs) and District Strategic Units (DSUs). Contracted workers will be engaged for services related to setting up technology and platforms, training/capacity building, monitoring and management. Provisions of ESS 2 and national/state regulatory norms related to terms and conditions of employment, non-discrimination, equal opportunity, worker's organizations, occupational health and safety, behavioral standards, etc. will apply to both types of project workers. The ToRs and contracts developed for consultancies will adequately cover such elements/requirements on Labor Management. Requirements related to Labor Management have been integrated to the ESCP, commensurate to the risks associated with the IPF-TA activities. SEA/SH risks for the IPF-TA component have been reviewed and the ESCP includes mitigation, prevention, and reporting measures for managing such risks.

#### **ESS3 - Resource Efficiency and Pollution Prevention and Management**

Relevant

ESS 3 is relevant. Certain relevant aspects covered under ESS 3 (such as on waste/e-waste management; resource efficiency, including water and energy; natural resource management; pollution prevention etc.) will be integrated into the "outputs/deliverables" (guidance/advisory support) of specific tasks to manage any potential downstream risks/impacts resulting from implementation of IPF-TA outputs. This will include energy efficiency aspects in data banks/processing centers, which notably have a high energy demand and warrant attention due to life and fire safety, heat and noise generation issues. To manage this, the considerations/requirements to be factored-in, would be reflected appropriately in the ToRs of relevant tasks/activities to be supported under IPF-TA and the associated "outputs/deliverables" of such activities. This requirement stands integrated in the ESCP.





#### **ESS4 - Community Health and Safety**

Relevant

No construction or infrastructure development activity is envisaged under the IPF-TA component nor are project activities expected to cause risks and impacts to local communities. However, certain aspects covered under ESS 4 will be integrated into the "outputs/deliverables" (as needed) of specific tasks/guidance/advisory support such as those pertaining to Tourism Destination Management Plans (DMPs) and implementation of certain activities under District Strategic Plans (DSPs).

#### **ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

Not Currently Relevant

ESS5 is not relevant as land acquisition or resettlement is not envisaged from activities planned under the IPF-TA component.

#### **ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources**

Relevant

No construction or infrastructure development activity is envisaged under the IPF-TA component nor are project activities expected to cause risks and impacts to biodiversity and habitats. Proposed activities/interventions also do not involve harvesting or production of natural resources. However, certain principles and aspects covered under ESS 6 will be taken cognizance of and applied to the "outputs/deliverables" (in form of guidance/advisory support) (as needed) for specific tasks - specifically those pertaining to Destination Management Plans (DMPs) for promoting tourism and implementation support associated with the District Strategic Plans (DSPs). This includes screening to identify any high/substantial-risk activity, which may result in significant and permanent risks or impacts to biodiversity. Such activities will not be eligible under the Program (both PforR or IPF-TA).

#### **ESS7 - Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

Relevant

The program covers the entire state of Maharashtra - all 36 districts, 12 of which include hilly and forested areas, tribal population and Fifth Schedule Areas. Nearly 10 percent of population in Maharashtra is Scheduled Tribe. Under this standard, it will be ensured that all ToRs for IPF-TA activities (including capacity development and strengthening activities) ensure equitable growth opportunities and monitoring mechanisms for improving outcomes for the vulnerable communities including Scheduled Tribes (ST), as well as Scheduled Castes (SC), minorities, and women. The IPF-TA support for District Strategic Units and Destination Management Organizations (for tourism interventions) particularly in areas with tribal population adhere to the principles of cultural appropriateness, inclusion and take cognizance of the rights and provisions under Scheduled Five areas, Panchayat Extension to Scheduled Areas (PESA) and Tribal Sub-plans. Any high/substantial-risk activity, which may result in significant and permanent risks or impacts related to tribal communities, their livelihood and customary practices or land acquisition of significant nature and impact, forced eviction, and forced labor, will not be eligible under the Program (both PforR or IPF-TA).

#### **ESS8 - Cultural Heritage**

Relevant

ESS 8 is relevant. Even though no physical works will be supported under the IPF-TA Component, the cultural heritage considerations (for both tangible and intangible heritage) and ESS 8 principles/requirements as part and parcel of advisory support and deliverables under IPF-TA will be applied. Two most significant outputs where ESS 8 will be





applicable are the Destination Management Plans (DMPs) for promoting tourism and implementation support associated with the District Strategic Plans (DSPs). This requirement has been identified in the ESSA that was conducted for the main PforR operation.

**ESS9 - Financial Intermediaries**

Not Currently Relevant

The project does not involve any activities with financial intermediaries and hence ESS 9 is not considered relevant to the project.

**B.2 Legal Operational Policies that Apply**

**OP 7.50 Operations on International Waterways**

No

**OP 7.60 Operations in Disputed Areas**

No

**B.3 Other Salient Features**

**Use of Borrower Framework**

In Part

Specific areas for which the use of Borrower Framework/Systems has been considered include aspects covered under ESS 2 (Labour Management), ESS 3 (Resource Efficiency and Pollution Prevention), ESS 4 (Community Health and Safety), ESS 6 (Biodiversity Management), ESS 7 (Indigenous Peoples) and ESS 8 (Cultural Heritage).

**Use of Common Approach**

No

Not Applicable

**C. Overview of Required Environmental and Social Risk Management Activities**

**C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by implementation?**

Actions for assessment and management of the project's E&S risks.

By Appraisal

- 1) Preparation of Environmental and Social Commitment Plan (ESCP), integrating requirements of Stakeholder Engagement Plan (SEP) and Labor Management Procedures (LMP)
- 2) Disclosure of the ESCP

Initiated during preparation and to be continued during Implementation:

- 1) Integration/reflection of ESF requirements in the Terms of Reference for consultancies/studies
- 2) Integration of ESHS aspects (as needed) into relevant outputs/deliverables of the TA component.



### III. CONTACT POINT

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### V. APPROVAL

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