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Report No: 83464-IN

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR 67.30 MILLION  
(US\$104 MILLION EQUIVALENT)

TO THE

REPUBLIC OF INDIA

FOR THE

NATIONAL CYCLONE RISK MITIGATION PROJECT - I

(NCRMP I)

March 25, 2014

Sustainable Development Department  
India Country Management Unit  
Disaster Management and Climate Change Unit  
South Asia Region

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**CURRENCY EQUIVALENTS**  
(Exchange Rate Effective February 28, 2014)

Currency Unit = Indian Rupees (INR)  
Rs 61.98 = US\$1  
US\$1.54751 = SDR 1  
FISCAL YEAR  
April 01 – March 31

**ABBREVIATIONS AND ACRONYMS**

AP	Andhra Pradesh	IDA	International Development Association
APL	Adaptable Program Loan	IUFR	Interim Unaudited Financial Reports
APRD	Andhra Pradesh Revenue Department	JRDNA	Joint Rapid Damage and Needs Assessment
ADB	Asian Development Bank	MIS	Management Information System
BME	Benefit Monitoring and Evaluation	MHA	Ministry of Home Affairs
C&AG	Controller and Auditor General	MPCS	Multi- Purpose Cyclone Shelter
CBO	Community Based Organization	NCB	National Competitive Bidding
CPS	Country Partnership Strategy	NDMA	National Disaster Management Authority
DEA	Department of Economic Affairs	NGO	Non- Government Organization
DRM	Disaster Risk Management	NIDM	National Institute of Disaster Management
EA	Environment Assessment	OSDMA	Odisha State Disaster Management Authority
EMP	Environment Management Plan	PDO	Project Development Objective
ESMF	Environment al and Social Management Framework	PIEs	Project Implementing Entities
EWDS	Early Warning Dissemination System	PIU	Project Implementation Unit
FM	Financial Management	PMU	Project Management Unit
FMM	Financial Management Manual	RAP	Resettlement Action Plan
FY	Fiscal Year	R-PAC	Remote Public Alert and Communication Systems
GoI	Government of India	SPIU	State Project Implementation Unit
GoO	Government of Odisha	TDP	Tribal Development Plan
IA	Implementing Agency	TPQA	Third Party Quality Auditor
IBRD	International Bank for Reconstruction and Development	WB	World Bank

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**INDIA**

**ADDITIONAL FINANCING FOR NATIONAL CYCLONE RISK MITIGATION  
PROJECT –I**

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**INDIA**

**ADDITIONAL FINANCING FOR NATIONAL CYCLONE RISK MITIGATION  
PROJECT – I**

**DATA SHEET**

<b>Basic Information - Additional Financing (AF)</b>	
Country Director: Onno Ruhl	Sectors: General water, sanitation and flood protection sector (100%)
Sector Manager/Director: John H Stein	Themes: Natural disaster management (100%)
Team Leader: Saurabh Suresh Dani	Environmental category: A-Full Assessment
Project ID: P148870	Expected Closing Date: October 31 2017
Expected Effectiveness Date: June 16, 2014	Joint IFC: No
Lending Instrument: Specific Investment Loan	Joint Level:
Additional Financing Type: Scale-up	
<b>Basic Information - Original Project</b>	
Project ID: P092217	Environmental category: A- Full Assessment
Project Name: National Cyclone Risk Mitigation Project- I	Expected Closing Date: October 31 2015
Joint Level:	Joint IFC: No
Lending Instrument: Adaptable Program Loan	Fragility or Capacity Constraints [ ]
	Financial Intermediary [ ]
	Series of Projects [ ]
<b>AF Project Financing Data</b>	
<input type="checkbox"/> Loan <input checked="" type="checkbox"/> Credit <input type="checkbox"/> Grant <input type="checkbox"/> Guarantee <input type="checkbox"/> Other:	
Proposed terms:	
<b>AF Financing Plan (US\$m)</b>	
Source	Total Amount (US \$m)
Total Project Cost: 136	<b>136</b>
Cofinancing:	
Borrower:32	
Total Bank Financing:	
IBRD	
IDA: New	
X IDA: Recommitted 104	
<b>Client Information</b>	
<b>Borrower:</b>	
Government of India	
Department of Economic Affairs	
Ministry of Finance, North Block, New Delhi – 110001	
Tel: 23094913 Fax: 23092345	
<b>Responsible Agency:</b>	
National Disaster Management Authority	
NDMA Bhawan, A-1, Safdarjung Enclave, New Delhi, India – 110037	
Tel: 26701711 Fax: 26701706	

<b>AF Estimated Disbursements (Bank FY/US\$m)</b>						
<b>FY</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	
Annual	0	15	35	40	14	
Cumulative	0	15	50	90	104	
<b>Project Development Objective and Description</b>						
<p>Project development objective: To reduce the vulnerability of coastal communities to cyclone and other hydro meteorological hazards.</p> <p>Project description: Component A – Early warning dissemination to coastal communities’ capacity building for operation of the Early Warning Dissemination System (EWDS) Component B - Cyclone Risk Mitigation Infrastructure that includes cyclone shelters, evacuation routes and missing bridges and coastal embankments Component C – Technical assistance for strengthening capacity towards DRM Component D – Project management and implementation support</p>						
<b>Safeguard and Exception to Policies</b>						
<p>Safeguard policies triggered:</p> <p>Environmental Assessment (OP/BP 4.01)</p> <p>Natural Habitats (OP/BP 4.04)</p> <p>Forests (OP/BP 4.36)</p> <p>Pest Management (OP 4.09)</p> <p>Physical Cultural Resources (OP/BP 4.11)</p> <p>Indigenous Peoples (OP/BP 4.10)</p> <p>Involuntary Resettlement (OP/BP 4.12)</p> <p>Safety of Dams (OP/BP 4.37)</p> <p>Projects on International Waterways (OP/BP 7.50)</p> <p>Projects in Disputed Areas (OP/BP 7.60)</p>					<p><input checked="" type="checkbox"/>Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/>Yes <input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/>Yes <input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/>Yes <input checked="" type="checkbox"/> No</p> <p><input checked="" type="checkbox"/>Yes <input type="checkbox"/> No</p> <p><input checked="" type="checkbox"/>Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/>Yes <input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/>Yes <input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/>Yes <input checked="" type="checkbox"/> No</p>	
<p>Is approval of any policy waiver sought from the Board (or MD if RETF operation is RVP approved)?</p> <p>Has this been endorsed by Bank Management? Does the project require any exception to Bank policy?</p> <p>Has this been approved by Bank Management?</p> <p>Bank Management approved an “Exception for Additional Financing due to past Moderately Unsatisfactory rating”, reflecting the fact that project implementation progress has substantially improved. The rating currently of the Original Project stands at Moderately Satisfactory.</p>					<p><input type="checkbox"/>Yes <input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/>Yes <input checked="" type="checkbox"/> No</p> <p><input checked="" type="checkbox"/>Yes <input type="checkbox"/> No</p> <p><input checked="" type="checkbox"/>Yes <input type="checkbox"/> No</p>	

<b>Conditions and Legal Covenants:</b>			
<b>Legal Covenants</b>			
<b>Name:</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Implementation Units - I	Yes	N/A	Project duration
<b>Description of Covenant</b>			
Recipient and Project Implementing Entities to maintain adequate project implementation structures with appropriately qualified staff and sufficient resources. To this end: (i) GoAP will ensure that APRD has the overall responsibilities for implementation of Andhra Pradesh's activities under the Project; and (ii) GoO will ensure that the OSDMA has the overall responsibility for the implementation of Odisha's activities under the Project; and (iii) both OSDMA and APRD to and make information and documents available in a timely manner to NDMA.			
<b>Name:</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Implementation Units - II	Yes	N/A	Project duration
<b>Description of Covenant</b>			
GoAP to maintain the APRD and GoO to maintain the OSDMA, as well as any other state agencies, departments or units involved in Project implementation of their respective parts of the Project, with management, staff, powers and resources necessary and appropriate to fulfill their functions under the Project, and in accordance with the requirements of the Project Documents			
<b>Name:</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Project Documents	Yes	N/A	Project duration
<b>Description of Covenant</b>			
Recipient and Project Implementing Entities to implement the Project in accordance with the Operations Manuals, the FM Manual, the Procurement Manual, the Safeguard Documents (i.e. ESFM, EMPs, RAPs, and TDPs) and the GAAP, and refrain from amending, suspending, waiving and/or voiding any of those documents without the prior concurrence of the Association.			
<b>Name:</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Screening of Activities	Yes	Before award of any civil work	Project duration
<b>Description of Covenant</b>			
PIEs to refrain from awarding any contracts for works under Component B of the Project, or undertaking any activities until/unless the respective activities have been screened as per the ESMF and, whenever required the necessary EMP, RAP or TDP has/have been prepared, cleared with the Association and disclosed.			
<b>Name:</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Government Permits & Pre-construction Conditions/ Contractor	Yes	Prior to start any Civil Works	Project Duration

Obligations			
<b>Description of Covenant</b>			
PIEs to ensure that: (i) prior to commencing any civil works all governmental permits and clearances have been obtained/complied with, and all resettlement compensation and relocation assistance has been paid/provided; and (ii) the Safeguard documents have been included a part of the contractor's obligations.			
<b>Name:</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Safeguard Reporting & Monitoring	Yes	N/A	Every quarter
<b>Description of Covenant</b>			
PIEs to maintain monitoring and evaluation protocols and record keeping procedures to supervise and assess compliance with Safeguard Documents.			
<b>Name:</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Expenditures for Land Acquisition and Resettlement and Rehabilitation	Yes	N/A	N/A
<b>Description of Covenant</b>			
PIEs to ensure that all land acquisition and any compensation, resettlement and rehabilitation payments require for the Project are financed exclusively out of the PIEs' own resources.			



## PROJECT PAPER

### I. INTRODUCTION

1. This Project Paper seeks the approval of the Executive Directors to provide an additional credit in the amount of US\$104 million to the Republic of India for the National Cyclone Risk Mitigation Project- I (NCRMP- I) (P092217, Credit 4772-IN).
2. The proposed additional financing would be used to scale up risk mitigation project activities and their impact and development effectiveness in the context of the October 2013 cyclone that hit the states of Odisha and Andhra Pradesh. These aims would be targeted through expanded activities under Component B (Cyclone Risk Mitigation Infrastructure) and the related incremental management and coordination support under Component D (Project Management and Implementation Support).
3. The proposed additional financing would be processed with the following: (i) adjustment of the indicators to reflect the proposed scale up and additional activities, and (ii) Closing date of October 31, 2017. The proposed revised Results Framework and Monitoring Indicators is attached in Annex 1.
4. The additional financing is consistent with the Country Partnership Strategy and is in line with the parameters set forth in OP/BP 10.00: it has an implementation rating of moderately satisfactory, the loan covenants have been substantially complied with and there are no unresolved fiduciary issues. Progress towards achievement of the PDO has consistently been rated moderately satisfactory or better since effectiveness in March 2011.
5. The additional funds are necessary as a response to the impact of Cyclone Phailin which hit the project area in October 2013; therefore, the proposed additional financing will be processed under OP 10.00 paragraph 11 (i) “urgent need of assistance because of natural or man-made disaster or conflict.” No exception is being sought under this paragraph. There is no change in the project’s safeguard category (A-full assessment) and no new safeguards are triggered.

### II. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

6. *Background.* The National Cyclone Risk Mitigation Project I (P092217, Credit 4772-IN) is the first phase of an Adaptable Program Loan (APL) designed to assist the Government of India and the vulnerable coastal states in mitigating cyclone related risks by focusing on ex-ante risk mitigation interventions as part of a strategy to integrate disaster risk mitigation into the longer-term national development process. About 5,700 kilometers of India’s coastline is exposed to severe cyclones and approximately 40 percent of its total population lives within 100 kilometers of the coastline increasing potential natural disaster losses; the first phase of this APL focuses on the states of Odisha and Andhra Pradesh for early warning and cyclone risk mitigation infrastructure components while technical assistance strengthening disaster risk management capacity is available for all coastal states.

7. The original credit in the amount of US\$255 million was approved by the Board of Executive Directors on June 22 2010, and became effective on March 30, 2011.

8. The original program development objective (PDO) was to reduce the vulnerability of coastal communities to cyclone and other hydro meteorological hazards. The PDO will be achieved through: (i) improved early warning and communication systems, (ii) enhanced capacity of local communities to respond to disasters, (iii) improved access to emergency shelter, evacuation, and protection against wind storms, flooding and storm surge in high risk areas, and (iv) strengthening disaster risk management (DRM) capacity at central, state and local levels in order to enable mainstreaming of risk mitigation measures into the overall development agenda. The original project includes four components:

Component A: Early Warning Dissemination System (EWDS) and Capacity building for Coastal Communities (US\$15 million from IDA). This component reduces the vulnerability of coastal communities by addressing the existing gap in dissemination of warning to the communities. The component supports: (i) installation and operation of EWDS allowing the state and/or district/sub district level control centre to send communication directly to the villages; and (ii) strengthening the capacity of communities in disaster preparedness and response by preparing disaster management plans and arranging mock drills.

Component B: Cyclone Risk Mitigation Infrastructure (US\$186 million from IDA). This component improves access to emergency shelter, evacuation and protection against cyclone and other hydro meteorological hazards such as wind storms, flooding and storm surge in high risk areas. Each of the states reviewed the existing system and gaps and developed risk mitigation infrastructure portfolio. For emergency shelters, identification mechanism included assessment of total requirement, available shelters including other government and private buildings and the gap. The portfolio includes a broad set of measures such as investments in multipurpose emergency shelters (MPCS), up-grading of existing roads and providing bridges suitable for evacuation, drainage improvement measures and repair and up-grading of existing embankments, and creation of corpus funds for operation and maintenance of cyclone shelters.

Component C: Technical Assistance for National and State Level Capacity Building and Knowledge Creation (US\$6 million from IDA). This component provides assistance to help understand risk and vulnerabilities better, and prepare the key institutions for addressing them effectively across all coastal states and Union Territories. This component consists of studies, assessments, training and capacity building activities related to risk and damage assessments, development of training modules and action plans and implementing them through identified partner agencies.

Component D: Project Management and Implementation Support (US\$20.7 million from IDA). This component provides support for project management by financing incremental operating costs for PMU, PIUs, nodal units in Line Departments and National Institute of Disaster Management (NIDM), office equipment, training and exposure visits and consulting services for specialist activities.

9. *Current Implementation Status.* Despite a slow start, the project achieved significant progress in its three and a half years of implementation: Odisha has awarded all of its contracts while Andhra Pradesh has 16 contracts remaining to be awarded. The deadline for awarding of all contracts under the project has been set to April 30, 2014. As of January 2014, the NCRMP program stands at 95 percent of contract awarded with a commitment amount of 90 percent of the total program. The construction of twenty eight shelters has already been completed as well as 150 kilometers of evacuation roads and 7 bridges.

10. Currently, disbursements stand at US\$52.3 million, 20.8 percent of the total project financing, and is poised for growth with work contracts awarded. The project resolved issues related to delays in obtaining environmental clearances for subprojects and will gain from the implementation experience of the parent project towards the additional financing. The project was on course to achieve its Project Development Objective before cyclone Phailin. Project Implementation Performance was upgraded from Moderately Unsatisfactory to Moderately Satisfactory in October 2013 given recent progress.

11. *Cyclone Phailin.* On October 12 2013, Cyclone Phailin hit the states of Odisha and Andhra Pradesh with wind gusts up to 220 kilometer per hour, heavy rains measuring up to 25 centimeter and storm surge over 3 meters; the sea pushed in as much as 40 meters along parts of the coast. It was the strongest cyclone to hit the Indian coast in the past 14 years: a category 4 cyclone (Katrina in comparison, was category 3 upon landfall) similar to the Super Cyclone 05B of 1999 to hit Odisha and kill more than 10,000, destroying 275,000 homes and leaving 1.67 million homeless. The cyclone hit a densely populated area, with 4.5 million people within the hurricane force wind path and significant informal housing.

12. Reports however came of a death toll of 44, 0.5 percent that of the 1999 cyclone; the NCRMP I contributed to this enhanced resilience. The state governments, in collaboration with the National Disaster Management Authority (NDMA) evacuated over 900,000 people from low-lying coastal areas in the states of Odisha and Andhra Pradesh - the target states of the NCRMP - the largest such operation in India's history. State authorities set up over 1,200 relief camps and stocked over 500 cyclone shelter with adequate food, water and supplies. Over 2,300 officers from the National Disaster Response Force and 600 personnel from the Indian Army fanned out to provide relief and assess the damage across 14,500 affected villages.

13. Despite limited loss of life, the impact on the lives of coastal residents is still massive. In the Ganjam District of Odisha alone, about 90,000 homes were partially or fully damaged along the coastal areas, many of them mud homes belonging to poor fishermen and farmers. Crops in over one million hectares of agricultural land have reportedly been destroyed. Power and communication lines were also severely affected across Odisha with estimates of over 6,000 km of power lines; over 30 km of water line and 10,000 km of roads were also severely damaged. In response to a request for assistance from the Government of India dating November 16 2013, a Rapid Disaster Needs Assessment was conducted revealing a total damage of US\$1.45 billion. This same request also solicited an additional assistance under the existing NCRMP I project which prompted the proposed additional financing.

14. *Joint Rapid Damage and Needs Assessment.* On November 16, 2013, a request for assistance from the Department of Economic Affairs (DEA), GoI, to the World Bank solicited a Joint Rapid Damage Needs Assessment (JRDNA) and disaster response, among which the present additional assistance under the existing NCRMP I project. The World Bank and the Asian Development Bank (ADB) carried out a JRDNA mission from November 26 to December 3, 2013. The JRDNA Mission undertook a multi-sectoral assessment of the damages and laid the groundwork for an immediate recovery and reconstruction needs framework.

15. As per the agreed framework, the ADB will be assisting the GoO in the Agriculture, Irrigation, and Energy sectors, while the Bank assistance has been sought in rebuilding houses, slum improvements, expanding creation of risk mitigation infrastructure, enlarging the scope of plantations and livelihood enhancement activities. The Odisha Disaster Recovery Project, addressing housing reconstruction and slum improvements, is processed simultaneously with the Additional Financing to the National Cyclone Risk Mitigation Project, covering expansion of risk mitigation infrastructure, given that both projects came as a single request from the Department of Economic Affairs to respond to cyclone Phailin and are to be implemented at the state level with overlapping implementing agencies.

### **Additional Financing**

16. *Rationale for the additional financing.* As a result of Cyclone Phailin, the Government of India is seeking support to further finance disaster preparedness, ever more conscious of the need for cyclone risk mitigation infrastructure in the vulnerable coastal states of Odisha and Andhra Pradesh.

17. Risk mitigation infrastructure is proving to be an important element of disaster resilience under present circumstances: currently under NCRMP I, 286 cyclone shelters are being built (150 in Odisha and 136 in Andhra Pradesh), more than 1,000 kilometers of evacuation roads and 23 bridges to enhance connectivity and evacuations and around 200 kilometers of existing coastal/saline embankments are being strengthened. Given the particularly vulnerable coastal states of Odisha and Andhra Pradesh with large exposed populations and the observed increase in hazard frequency to cyclones of high intensity in the region, the Government of India considers resilient infrastructure worthwhile investments and is requesting to scale-up the project's impact and development effectiveness by increasing the amount of risk mitigation works under component B. In particular it is requesting the construction of 162 additional multipurpose cyclone shelters (MPCS) with related 110km of evacuation roads and bridges in Odisha and 84 additional shelters and 150km of evacuation roads and bridges in Andhra Pradesh.

18. To these ends, the Government of India has requested the proposed additional credit in the amount of US\$104 million, which would be complemented by additional counterpart financing in the amount of US\$32 million equivalent. The proposed additional financing would further the engagement of the state of Odisha and Andhra Pradesh in mitigating cyclone related risks by focusing on additional risk mitigation interventions. It would provide improved access to emergency shelter and evacuation against wind storms, flooding and storm surge in high risk areas currently not covered by the original project.

19. *Overall Project Performance.* Since effectiveness on March 30, 2011, progress towards achievement of the PDO has consistently been rated moderately satisfactory or satisfactory. Progress with project implementation is currently considered moderately satisfactory given delays in the first year of implementation. The Mid Term Review was held in April 2013 and provided an opportunity for NDMA, the Government of Andhra Pradesh, the Government of Odisha and the Bank to identify an action plan for gearing up implementation and resolve outstanding procurement and monitoring issues in the way. Implementation has accelerated: currently 90 percent of the program is committed and it is on its way to achieve its project development objectives. All legal covenants have been substantially complied with, including timely submission of audits and maintaining a monitoring system.

20. *Consistency with the Country Partnership Strategy for India.* The project's objective and the Government's request for additional financing are consistent with the World Bank Group's Country Partnership Strategy (CPS) 2013-2017 (Report # 76176-IN, discussed by the Board of Executive Directors on March 21 2013) which focuses on three main engagement areas: (i) integration, through infrastructure and strengthening of market mechanisms; (ii) transformation, through capacity building of urban and rural institutions and (iii) inclusion, through social programs and promotion of human development. The proposed additional financing contributes to all three areas but (i) and (iii) directly: integration is addressed by connecting communities through additional roads and bridges not only used for evacuation and resilience but also for market integration; inclusion is developed through building resilience infrastructure which support fragile segments of the population most at risk of being left behind. The original project also builds on area (ii) by enhancing capacity at both central and community levels to promote disaster risk management capacity and communication systems.

### **III. PROPOSED CHANGES**

21. To take into account the scale-up, the original project would be restructured amending its results indicators and extending the closing date.

22. The Project Development Objective would remain the same as the original project, namely: *“to reduce the vulnerability of coastal communities to cyclone and other hydro meteorological hazards.”*

23. Additional activities. The project would scale-up the construction of multi-purpose shelters and its related evacuation infrastructure, increasing the target number of shelters from 286 to 532, and the kilometers of evacuation roads from 1,050 to 1,310.

24. Project outcome indicators are adjusted to reflect the scale up. The following table illustrates the proposed adjustments to the outcome indicator targets with the overall project restructuring. Only 2 out of the 5 outcome indicators will be modified. About 18 million additional people (11 million in Odisha and 7 million in Andhra Pradesh) would gain access to emergency shelters and evacuation roads/ connectivity with this additional financing. Annex 1 shows the revised Results Framework and Monitoring Indicators with output level indicators.

<b>Project Outcome Indicators (PDO level)</b>	<b>Original Target</b>	<b>Additional Financing</b>	<b>Proposed New Target</b>
Proportion of the targeted coastal population <sup>1</sup> covered by the EWDS (%)	100		100
Proportion of people having access to emergency shelters (%).	Odisha: 60	20	80
	AP: 78	10	88
Number of people and hectares of land protected by strengthened/improved embankments.	Targets will be established based on base-line		Targets will be established based on base-line
Increased awareness about warnings and emergency response.	Qualitative assessments, showing incremental progress		Qualitative assessments, showing incremental progress

25. Components and Activities. The structure of the original four components would remain unchanged with the scale-up under component B and D. The allocation for component B for Andhra Pradesh and Odisha will be US\$45 million and US\$51 million respectively.

26. The following table provides a summary of revised project costs (in US\$ Million)

<b>Component/Activities</b>	<b>Original Operation</b>			<b>Additional Financing</b>			<b>Total project</b>		
	<b>IDA</b>	<b>GoI</b>	<b>Total</b>	<b>IDA</b>	<b>GoI</b>	<b>Total</b>	<b>IDA</b>	<b>GoI</b>	<b>Total</b>
<b>A. Early Warning Dissemination System</b>	<b>15.0</b>		<b>15.0</b>	<b>0.0</b>		<b>0.0</b>	<b>15.0</b>		<b>15.0</b>
A1 – EWDS	9.0		9.0				9.0		9.0
A2 – Community mobilization and training	6.0		6.0				6.0		6.0
<b>B. Cyclone Risk Mitigation Infrastructure</b>	<b>186.0</b>	<b>64.0</b>	<b>250.0</b>	<b>96.0</b>	<b>32.0</b>	<b>128.0</b>	<b>282.0</b>	<b>96.0</b>	<b>378.0</b>
B1 – Cyclone Shelters	45.5	16.0	61.5	53.0	18.0	71.0	98.5	34.0	132.5
B2 – Roads and Bridges	100.0	34.0	134.0	43.0	14.0	57.0	143.0	48.0	191.0
B3 – Repair and up-grade of saline embankments	40.5	14.0	54.5	0	0	0	40.5	14.0	54.5
<b>C. Technical Assistance for Capacity Building on DRM</b>	<b>6.0</b>		<b>6.0</b>	<b>0.0</b>		<b>0.0</b>	<b>6.0</b>		<b>6.0</b>
C1 – Risk Assessment									
C2 – Capacity building on DM and PDNA guidelines	2.5 3.5		2.5 3.5				2.5 3.5		2.5 3.5
<b>D. – Project Management and Implement Support</b>	<b>20.7</b>		<b>20.7</b>	<b>8.0</b>		<b>8.0</b>	<b>29.0</b>		<b>29.0</b>
<b>Unallocated and Contingency @ 10% of original project amount</b>	<b>27.3</b>		<b>27.3</b>	<b>0.0</b>		<b>0.0</b>	<b>27.3*</b>		<b>27.3*</b>
<b>Total</b>	<b>255.0</b>	<b>64.0</b>	<b>319.0</b>	<b>104.0</b>	<b>32.0</b>	<b>136.0</b>	<b>359.0</b>	<b>96.0</b>	<b>455.0</b>

\* has already been incorporated into Component B of the original project

<sup>1</sup> Within 5 km distance from the coastline

27. Financing Plan. The proposed additional financing would include a US\$104.0 million credit and a counterpart contribution of US\$32 million. The total restructured IDA credit would increase from US\$255 million to US\$359 million. Disbursements of the additional financing would start in mid-2014 shortly after Board approval with possible retroactive financing for disbursement on the first tranche of new shelters and roads contracts, tenders currently under way. Final construction payments and post-construction audits would occur in fiscal year 2018 assuming no further unforeseen delays.

28. Implementation Arrangements. Implementation arrangements would remain the same as existing ones for all four components: component A implemented by the state PIUs of Odisha and Andhra Pradesh with procurement and coordination by the PMU within NDMA; component B implemented by the state line departments with management by the state PIUs; component C implemented largely by the PMU within NDMA with specific activities by NIDM or the state PIUs; and component D, would support both central and state implementation/management units. The NDMA, on behalf of MHA, will have overall responsibility for implementation.

#### **IV. APPRAISAL SUMMARY**

29. Economic Analysis. The benefit of the overall risk mitigation investment is the avoided damage cost as a result of the project components. It can be measured as the difference in the damage cost that are directly related to disasters between the baseline scenario (damage cost from a natural disaster without any risk mitigation investment) and a future scenario with the project and a natural disaster occurrence, everything else being the same. In this analysis, the damage assessment from this 2013 disaster is used as the baseline estimate.

30. The damage cost includes both the direct cost and indirect costs. The direct cost is the valuation of physical assets and human capital that have been damaged or destroyed by the disasters in the absence of risk mitigation. The indirect cost includes loss of production output due to power failure or transportation destruction, loss of agriculture production due to soil salinity contamination of storm surges, and the indirect health impact on the population. The health impacts, although difficult to quantify, is often more important than the output losses in the event of a natural disaster.

31. The focus of the economic analysis is on the two components selected for additional financing: cyclone shelters and restoration of roads and bridges. The project focuses on providing greater protection to vulnerable populations and livestock in the cyclone prone areas by constructing new multipurpose shelters, improving existing shelters and making roads to enable communities to access safe shelters during cyclones. As demonstrated in the recent cyclone Phailin, cyclone shelters have proved extremely helpful in saving thousands of human lives and livestock while the construction and restoration of roads and bridges improves connectivity and thereby gives impetus to economic activity impacted by destruction from cyclone. While the construction of cyclone shelters will be mainly new construction, that of roads and bridges starts from existing infrastructure, implying lesser costs.

32. The life span of these infrastructures is assumed to be 20 years. Under this assumption, the benefit and cost ratio for cyclone shelters at 5 percent discount rate is 6.4 and at 10 percent

discount rate is 3.9. For restoration of roads and bridges, it is 15.6 using a 5 percent discount rate and 12.4 using 10 percent. This result is consistent with the economic analysis undertaken for the original project. The following table summarizes the results.

Project activity	Time horizon	Project cost	Benefit Estimation	Benefit cost ratio	
				discount rate	discount rate
	(years)	(US\$M)	discount rate		
			5%	5%	10%
Cyclone Shelters	20	71	460	6.4	3.9
Roads and Bridges	20	57	889	15.6	12.4

33. Technical. New site selection for the additional 162 shelters and corresponding roads / bridges have been reviewed and vetted for their technical soundness to serve as emergency shelter sites under hydrometeorological events. Shelter designs follow original project designs and have also been reviewed to comprise of sufficient square footage for the covered population. Soil boring has been completed to estimate soil strength and corresponding foundation costs.

34. Financial Management. NDMA, on behalf of the Ministry of Home Affairs, will continue to be responsible for the overall financial management arrangements for the project. Implementation arrangements would remain the same as existing ones and consequently the accounting and reporting units remain unchanged. Although the project FM performance in the last two years has been Moderately Satisfactory, the internal audit mechanism at NDMA as well as the state nodal agencies need further strengthening.

35. The existing financial management manual (FMM) for the project which compiles budget, funds flow, accounting, financial reporting, internal controls and audit arrangements would be used for the additional financing as well. This FMM was updated to incorporate the following changes which have come about as a result of implementation experience on the project and to meet the additional financing requirements::

- **Budgeting:** The budgeting arrangements under the additional financing will remain the same as the original financing. If AP scales up activities in the existing divisions then separate budget codes/sub codes need to be created at the state so that the field level divisions are able to capture additional financing expenditure information under these budget codes and furnish this to the PIU for preparation of IUFs..
- **Funds Flow:** The funds flow for NIDM, Odisha and AP will remain the same as in the original financing. At NDMA as per the existing financial management arrangements, a separate bank account for the PMU was required to be maintained. However, presently, funds are routed following the country system i.e. Pay and Accounts Office is making payments and accounting for expenditures. These amended arrangements, which needs to be documented in FMM, are in line with the principle of use of country systems and therefore they are considered satisfactory for meeting the fiduciary requirements under the additional financing.
- **External Audit:** The auditing arrangement for NIDM (firm of Chartered Accountants), OSDMA (firm of Chartered Accountants) and AP (C&AG) will continue to be the same



as in the original financing. NDMA has not been operating separate bank account outside the treasury, therefore, it has been agreed with the Bank that from financial year 2012-13 the audit of NDMA will be done by C&AG as per the standard TORs agreed with the C&AG. For each of the audit reports, the project will be required to submit a reconciliation of expenditures with the claims under the original and additional financing.

- **Accounting:** At the accounting and reporting units where expenditure will happen under the additional financing, the related chart of accounts needs to be opened in books of accounts to enable the financial activities of this credit to be tracked and reported separately.
- **Reporting:** Funds under the additional financing need to be claimed in a separate quarterly IUFRR, to be submitted to the Bank within 45 days of close of the quarter.
- **Disbursements:** Under the additional financing the actual expenditure will be reimbursed to the project and no advances will be provided.
- **Retroactive Financing:** The project is planning to provide retroactive financing for disbursement on the first tranche of new shelters and roads contracts for which tenders are currently under way. Retroactive financing up to a limit of US\$20 million (not to exceed 40% of the credit amount) will be available to the project to cover eligible project expenditures as agreed with the Bank, provided the payment is made on or after October 12, 2013 (one year before the loan signing date). The activities financed should be included in project description and payment are for items procured in accordance with applicable Bank procurement procedures.
- **Supervision** including field visits and desk reviews will continue as in the main project.

36. The project's existing financial management arrangements along with the above mentioned changes are considered adequate for accounting and reporting on project expenditures under additional financing.

37. There are no outstanding Audit reports or pending FM issues for the parent project, NCRMP I.

38. The loan allocation by expenditure category for the additional financing is as follows:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods and Works (under Component B)	96,000,000	75%
(2) Goods, Works, Consultants' Services, Incremental Operating Costs, and Training (under Components D)	8,000,000	100%
<b>TOTAL AMOUNT</b>	<b>104,000,000</b>	

39. Environment. No new safeguard is triggered under this additional financing. The project is still a Category A-Full Assessment and the original ESMF is applicable given similar activities in existing project areas, with updates from lessons learnt. In addition to following bank policies, sites under coastal regulation zone will go through a state permitting process before construction. State agencies have gained experience coordinating regulatory clearance for identified subprojects during the implementation of the parent project.

40. Social. No new safeguard is triggered under this additional financing. The project is still a Category A- Full Assessment, and the original ESMF is applicable and sufficient given all new activities are proposed in the same project area. All new activities are similar to those being implemented under the parent project.

41. Procurement. Procurement for the proposed Additional Financing shall be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by the World Bank Borrower" dated January 2011 (Procurement Guidelines); and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by the World Bank Borrowers" dated January 2011 (Consultants Guidelines) and the provision stipulated in the Financing/Loan Agreement.

42. The procurement of cyclone shelters with associated roads and bridges will be undertaken by OSDMA who is executing NCRMP I in Odisha and by the Andhra Pradesh Revenue Department (APRD) in Andhra Pradesh. Although there had been delays in the initial phases of the existing project, there has been remarkable turnaround in the last one and half years. The initial delays resulted from frequent rebidding resulting from lack of capacity of bidders who were unable to fulfill qualification requirements associated with Bank funded procurement. These were carefully reviewed and rationalized in the rebid and later procurement. The rationalized requirements are expected to continue for procurement under additional financing and will result in faster procurement. The procurement will be using NCB procedure and will be below prior review threshold as envisaged in the new business model. However lack of capacity with OSDMA in Contract Management will continue to be a significant risk which must be addressed by adequate capacity building measures. Considering the successful experience of e-procurement in AP and other projects, OSDMA must switch over to e-procurement for the Additional Financing using an approved platform. The risk rating for procurement will be moderate as assessed through PRAMS.

43. Risks. The overall risk rating at implementation is Moderate as summarized in the ORAF. The current environmental and social management framework is adequate for the additional activities supported by citizens, local and state governments and safeguard risks are assessed as Low. With regards to fiduciary aspects, there is a Moderate risk of delays in submission of period financial reports, audit reports and compliance with Bank procurement guidelines. These risks are mitigated with the experience and arrangements in place from implementation of NCRMP I, and key assessments have been conducted to improve fiduciary procedures and further support project implementation and management units with training. To mitigate implementation capacity risks associated with the scaling-up of the project, in addition to careful phasing of activities, monitoring activities will be strengthened. These activities would

include bank supervision as well as third party quality supervision, financial audits and participatory social audits. In addition, a robust MIS with online links between central and state implementation unit systems would allow for better monitoring of procurement and implementation pace.

44. *Exceptions to Bank Policy.* The project is processed under OP10.00 paragraph 11. The rating currently stands at Moderately Satisfactory. However, the project sought an “Exception for Additional Financing due to past Moderately Unsatisfactory rating.” As per the IPF Guidelines the exception was sought and obtained from the SARVP, following concurrence from the OPSVP, in order to proceed with an Additional Financing despite a previous assessment of the Implementation Progress rating as Moderately Unsatisfactory within the past 12 months.

## ANNEX 1. REVISED PROJECT RESULTS FRAMEWORK

### INDIA: Additional Financing for a National Cyclone Risk Mitigation Project

#### Results Framework

Revisions to the Results Framework		Comments/ Rationale for Change
<b>PDO</b>		
<i>Current (PAD)</i>	<i>Proposed</i>	
To reduce the vulnerability of coastal communities to cyclone and other hydro meteorological hazards.	Continued	
<b>PDO indicators</b>		
<i>Current (PAD)</i>	<i>Proposed change*</i>	
Proportion of the targeted coastal population <sup>2</sup> covered by the EWDS (%)	Continued	
Proportion of people having access to emergency shelters (%).	Proportion of people have access to emergency shelters in Odisha (%). Proportion of people have access to emergency shelters in Andhra Pradesh (%).	Indicator disaggregated in two indicators to distinguish between states. Targets updated to reflect project scale-up and updated data based on poor existing shelter infrastructure.
Protected by strengthened/improved embankments. • Number of people and hectares of land	Continued	
Increased awareness about warnings and emergency response.	Continued	
<b>Intermediate Results indicators</b>		
<i>Current (PAD)</i>	<i>Proposed change*</i>	
<b>Component A: Last Mile Connectivity</b>		
Number of R-PACS Installed (progressively in % terms) [Target 3,400]	Continued	

<sup>2</sup> Within 5 km distance from the coastline

<b>Revisions to the Results Framework</b>		<b>Comments/ Rationale for Change</b>
<b>Component B: Cyclone Risk Mitigation Infrastructure</b>		
Number of cyclone shelters completed under the project (progressively in % terms). [Target 532]	Continued	Targets updated to reflect project scale-up
Km of roads completed (progressively in % terms).[Target 1,310km]	Continued	Targets updated to reflect project scale-up
Km of embankment completed (progressively in % terms) [Target 180Km]	Continued	
<b>Component C: Capacity Building on Hazard Risk Management</b>		
% of targeted communities / people trained in use of early warning and evacuation	Continued	
No. of government officials trained on specific disaster management skills	Continued	
Preparation of long term training and capacity building strategy	Continued	
All studies launched	Continued	
All studies completed	Continued	

## REVISED PROJECT RESULTS FRAMEWORK

<b>Project Development Objective (PDO):</b>														
To reduce the vulnerability of coastal communities to cyclone and other hydro meteorological hazards.														
PDO Level Results Indicators	Core	Unit of measurement	Baseline	Cumulative Target Values								Frequency	Data Source/ Methodology	Responsibility for Data Collection
				2011	2012	2013	2014	2015	2016	2017	2018			
Proportion of the targeted coastal population <sup>3</sup> covered by the EWDS	<input type="checkbox"/>	%	0			80	100					Quarterly updating of installations;	Print data/recordings of transmission from the EWDS system; questionnaires from stakeholders in the community; record of activities executed by local administration; overall supervision report of PIUs/EA.	PIUs staff, ToTs, consultants, IAs field staff, NGOs, local administration, community representatives
Proportion of people having access to emergency shelters in Odisha	<input type="checkbox"/>	%	30		35	45	52	62	70	78	80	Quarterly Progress reports by EA to WB; TPQA consolidated quarterly report; monthly field inspection / review by PIU staff; Field review by WB.	Work progress data sheets against each contract; TPQA reports; Consolidated data drawn from MIS system; Social Impact Monitoring reports;	IAs field staff, TPQA consultants PIUs staff NDMA staff/BME consultants

<sup>3</sup> Within 5 km distance from the coastline.

Proportion of people having access to emergency shelters in Andhra Pradesh	<input type="checkbox"/>	%	78		78	78	80	82	85	87	88	Quarterly Progress reports by EA to WB; TPQA consolidated quarterly report; monthly field inspection / review by PIU staff; Field review by WB.	Work progress data sheets against each contract; TPQA reports; Consolidated data drawn from MIS system; Social Impact Monitoring reports;	IAs field staff, TPQA consultants PIUs staff NDMA staff/BME consultants
Land protected by strengthened/improved embankments.	<input type="checkbox"/>	Hectares						30,000 hectares				Progress reports by EA to WB; TPQA consolidated quarterly report; monthly field inspection / review by PIU staff; Field review by WB.	Work progress data sheets against each contract; TPQA reports; Consolidated data drawn from MIS system; Social Impact Monitoring reports	IAs field staff, TPQA consultants PIUs staff NDMA staff/BME consultants
Increased awareness about warnings and emergency response.	<input type="checkbox"/>	Qualitative assessments showing incremental progress	Not applicable									NGO training and monthly progress reports, PIU/NDMA quarterly progress reports.	Records of the people trained and participated in mock drills` members trained; Reports of effectiveness of mock drills conducted	PIUs/IAs/NDMA /NGOs, community representatives and consolidated MIS reports;

### Intermediate Results and Indicators

Intermediate Results Indicators	Core	Unit of Measurement	Baseline	Target Values								Frequency	Data Source/ Methodology	Responsibility for Data Collection
				2011	2012	2013	2014	2015	2016	2017	2018			
<b>Intermediate Result 1: Last Mile Connectivity (Component A)</b>														
Number of R-PACS Installed (progressively in % terms) [Target 3400]	<input type="checkbox"/>	%	0		20	80	100					Monthly Installation / commissioning reports; TPQA's monthly reports	Installation test reports; Site hand over reports; TPQA assessment/ inspection reports	Contractor, TPQA. PIU-IAs and NDMA
<b>Intermediate Result 2: Cyclone Risk Mitigation Infrastructure (Component B)</b>														
Number of cyclone shelters completed under the project (progressively in % terms). [Target 532]	<input type="checkbox"/>	%	0		10	29	44	65	76	90	100	Monthly progress reports; TPQA reports; PIU inspection reports;	Construction/implementation progress questionnaires; IA field staff reports; Consolidated reports of PIUs EMP compliance reports;	TPQA Consultants, IAs, PIUs, EA
Km of roads completed (progressively in % terms).[Target 1310 km]	<input type="checkbox"/>	%	0		14	35	56	79	89	98	100	Monthly progress reports; TPQA reports; PIU inspection reports;	Construction/implementation progress questionnaires; IA field staff reports; Consolidated reports of PIUs EMP compliance reports;	TPQA Consultants, IAs, PIUs, EA
Km of embankment completed (progressively in % terms) [Target 90Km]	<input type="checkbox"/>	%	0		20	50	80	100				Monthly progress reports; TPQA reports; PIU inspection reports;	Construction/implementation progress questionnaires; IA field staff reports; Consolidated reports of PIUs EMP compliance reports;	TPQA Consultants, IAs, PIUs, EA



### Intermediate Results and Indicators

Intermediate Results Indicators	Core	Unit of Measurement	Baseline	Target Values								Frequency	Data Source/ Methodology	Responsibility for Data Collection
				2011	2012	2013	2014	2015	2016	2017	2018			
<b>Intermediate Result 3: Capacity Building on Hazard Risk Management (Component C)</b>														
% of targeted communities / people trained in use of early warning and evacuation	<input type="checkbox"/>	%	5			25	60	100						
No. of government officials trained on specific disaster management skills	<input type="checkbox"/>	%	0			25	60	100						
Preparation of long term training and capacity building strategy	<input type="checkbox"/>		N/A		Completed									
All studies launched	<input type="checkbox"/>		N/A		Completed									
All studies completed	<input type="checkbox"/>		N/A				Completed							

**ANNEX 2: OPERATIONAL RISK ASSESSMENT FRAMEWORK (ORAF)  
INDIA: Additional Financing for a National Cyclone Risk Mitigation Project**

**Appraisal Stage**

<b>1. Project Stakeholder Risks</b>	<b>Rating</b>			<b>Low</b>
<p><b>Description:</b> Project stakeholders may not be well informed about the benefits of the project to take advantage of it. They may also oppose the construction of risk mitigation infrastructure due to social or environmental impacts.</p> <p>Project stakeholders include:</p> <ul style="list-style-type: none"> <li>• People affected by meteorological hazards</li> <li>• Communities living in coastal zone and in its vicinity</li> <li>• Local officials</li> <li>• Local NGOs</li> <li>• Trade, ports, manufacturing, fishing, tourism, agriculture and all such sectors carried out in the coastal belt and populations associated with them.</li> <li>• National level officials.</li> </ul>	<p><b>Risk Management:</b> The state government, local governments, and citizens in the areas have supported efforts related to risk mitigation under the original project and particularly now given the personal impact and visibility of the October 2013 cyclone Phailin.</p> <p>Technical, social and financial/economic impacts have been evaluated and there are no appreciable negative impacts identified. Environment and Social Framework was disseminated and stakeholder workshops will be conducted. In addition, the project has a communication strategy to continuously and productively engage the stakeholders.</p> <p>Capacity building of local officials in project planning, community outreach and disaster risk reduction will continue to be enhanced through structured training programs that will continuously be taken up through the project period.</p>			
	<b>Resp: Client</b>	<b>Stage: Implementation</b>	<b>Due Date: Recurrent</b>	<b>Status: Ongoing</b>
<b>2. Implementing Agency Risks (including fiduciary)</b>				
<b>2.1 Capacity</b>	<b>Rating:</b>			<b>Moderate</b>
<p><b>Description:</b> Risks associated with the involvement of two states, multiple line departments all of which may delay decision-making due to bureaucratic processes in place.</p> <p>Fiduciary risks: Financial management and procurement risks are as follows: (i) Fairly adequate experience in Bank-financed projects should curtail delays in the preparation of</p>	<p><b>Risk Management:</b> There is a clear need and commitment by the Government of India and the state governments to this project. Implementation of the NCRMP I has picked up considerably after a slow beginning, and the results could be seen in the effective response in the aftermath of Cyclone Phailin.</p> <p>The preparation and management of the project would be assisted through support provided by the project implementation unit. The NDMA PMU will guide the</p>			

<p>required documentation; (ii) possibility of delays/inaccuracy in preparation and submission of periodic financial reports and internal control is relatively low; (iii) submission of audit reports are expected on time or with minimum delays; (iv) compliance with Bank procurement guidelines due to previous experience should be relatively good.</p> <p>In terms of procurement, there are additional risks related to the use of SSS given emergency procedures.</p>	<p>respective State PIUs. As part of project preparation, training and information would be provided to ensure maximum understanding of processes and procedures involved in a Bank-financed operation.</p> <p>Adequate financial management and procurement arrangements are in place for the implementation of NCRMP I, and key assessments would be carried out in these areas to identify additional needs resulting from the proposed AF. Should the procurement and financial management assessment indicate additional staff or system requirements those would be catered to.</p>			
	<b>Resp: Client</b>	<b>Stage: Appraisal and Implementation</b>	<b>Due Date: Recurrent</b>	<b>Status: Ongoing</b>
<b>2.2 Governance</b>	<b>Rating</b>			<b>Low</b>
<p><b>Description:</b> There is a risk associated with delayed decision-making due to the multi-sector nature of the project and elaborate bureaucratic processes. This could affect project preparation and implementation.</p> <p>Additionally, the electoral cycle may delay some decisions.</p>	<p><b>Risk Management:</b> The process of decision-making would be assisted through continuous discussion and engagement with the NDMA PMU and the SPIUs on proposed project activities and overall program reforms.</p> <p>In addition Monitoring, verification and evaluation of program performance would be an integral component of the project.</p>			
	<b>Resp: Client</b>	<b>Stage: Appraisal and Implementation</b>	<b>Due Date: Recurrent</b>	<b>Status: Ongoing</b>
	<b>Resp: Client</b>	<b>Stage: Implementation</b>	<b>Due Date: Recurrent</b>	<b>Status: Ongoing</b>
<b>3. Project Risks</b>				
<b>3.1 Design</b>	<b>Rating</b>			<b>Moderate</b>
<p><b>Description:</b> Multiple implementing agencies in different states following different design standards and design criteria.</p> <p>Quality of outputs delivered is not up to the required standards.</p>	<p>NDMA has developed ‘Model Toolkit’ for the preparation of the Detailed Project Reports and issued detailed guidelines for identification of investment proposals and conducted workshops to orient the states. These guidelines are followed by the States.</p> <p>A Steering Committee in NDMA approves the investment proposals and has</p>			

	<p>maintained uniformity of design standards and ensured inclusion of disaster resistant features.</p> <p>Technical personnel in PIU will have an oversight in addition to experts engaged by the PIUs.</p>		
	<b>Resp: Client</b>	<b>Stage: Implementation</b>	<b>Due Date: Recurrent</b>
<b>3.2 Social &amp; Environmental</b>	<b>Rating:</b>		<b>Low</b>
<p><b>Description:</b>  Environment  Lack of adherence to environment laws and environment management practices during project implementation.</p> <p>Non-compliance to Environment Regulations and associated applicable statutory clearances.</p> <p>Non-Adherence to Environment and Social Management Framework (ESMF) and Environment Management Plans (EMPs) designed for the project.</p> <p>Social  Lack of Participatory approach</p>	<p><b>Risk Management:</b>  Environment:  A project specific ESMF was developed as a tool with clear guidelines to facilitate implementation of safeguard measures. Environmental practices in all construction activities under the project will be as directed by the ESMF. Prior Environmental &amp; Social Screening would be applied to identify issues related to Environment acts &amp; regulations. Construction/civil works based sub components will adhere to the relevant statutory provisions and no construction will start without obtaining prior applicable statutory clearances/ permissions from CRZ, MoEF, Wildlife Board, etc.;</p> <p>PIUs will be responsible for environmental monitoring , it would prepare and submit periodic reports; State level workshops for training and sensitization of environment safeguard issues would be organized amongst staff from implementing agencies; Stakeholder consultation workshops at State levels by PIUs would be held for availing inputs on various project components including the ESMF. PIUs and the relevant line departments will be adequately staffed with Environment Officers based on the project component implemented by the department. Intermittent random audits by environment expert from PMU would take place as well as Bank’s on-field monitoring through review Missions.</p> <p>Social:  A project specific ESMF was developed. Implementation of agreed SMPs in all construction activities under the project will take place as directed by the ESMF; Application of prior Social Screening to identify issues related to applicable R&amp;R acts / regulations; Construction/civil works based sub components will adhere to</p>		

	<p>the relevant statutory provisions and no construction will start without implementation of agreed activities RAP (wherever applicable) for project affected people;</p> <p>State level workshops for training and sensitization of social safeguard issues amongst staff from implementing agencies would be organized; Stakeholder consultation workshops were conducted at State levels by PIUs for availing inputs on various project components including ESMF during implementation of NCRMP I; Finalization of SMPs in consultation with beneficiaries or their representatives; Formation of Cyclone Shelter Management and Maintenance Committees for operation and maintenance of MPCS, including establishment of corpus fund; Recording feedback from beneficiaries through BME and on-site interactions during PIU-PMU and Bank Review Missions.</p>			
	<b>Resp: Client</b>	<b>Stage: Preparation and Implementation</b>	<b>Due Date: Recurrent</b>	<b>Status: Ongoing</b>
<b>3.3 Program &amp; Donor</b>	<b>Rating</b>			<b>Low</b>
<p><b>Description:</b> While the engagement and commitment of donors as well as NGOs and CBOs is not considered a risk, there may be overlaps in program implementation.</p>	<p><b>Risk Management:</b> There is extensive donor engagement in the respective states. During preparation and implementation, the project will ensure synergies with existing and ongoing projects and activities, including programs run by NGOs and CBOs.</p>			
	<b>Resp: Client</b>	<b>Stage: Preparation and Implementation</b>	<b>Due Date: Recurrent</b>	<b>Status: Ongoing</b>
<b>3.4 Delivery Monitoring &amp; Sustainability</b>	<b>Rating</b>			<b>Substantial</b>
<p>Lack of Implementation Capacity by NDMA and State levels.</p> <p>Infrastructure created during project is not maintained.</p> <p>Beneficiaries not involved in planning and management.</p> <p>Project activities are conducted in an untimely manner.</p>	<p><b>Risk Management:</b> A separate PMU headed by an experienced Project Director in place at NDMA level to oversee the project and PIUs at State Level; National and State Steering Committees have been established to provide oversight to the program. Project staff will participate in ongoing training and capacity building.</p> <p>Detailed Procurement and Financial Management Manuals were developed by PMU and were adopted by participating States; Installation of a robust MIS with online links with systems in PIUs developed to monitor procurement at States and Central levels. Both participating states are familiar with Bank procurement</p>			

	<p>procedures having implemented Bank financed projects earlier; Community feedback has been already obtained in the designs of investments and will be promoted for maintenance of cyclone shelters.</p> <p>Third Party Quality Supervision, financial audits, participatory social audits, and Bank supervision will form an integral part of the monitoring system.</p>			
	<b>Resp: Client and Bank</b>	<b>Stage: Implementation</b>	<b>Due Date: Recurrent</b>	<b>Status: Ongoing</b>
<b>4. Overall Risk Following Review</b>	<b>Moderate</b>			