

World Bank to Help Himachal Pradesh End Water Shortages in Shimla

The World Bank will help the Government of Himachal Pradesh (GoHP) bring clean and reliable drinking water to the citizens of the greater Shimla area, who have been facing severe water shortages and water-borne epidemics over the last few years.

The Bank's Board of Executive Directors had approved the US\$ 40 million Shimla Water Supply and Sewerage Service Delivery Reform Programmatic Development Policy Loan 1 to improve water supply and sanitation (WSS) services in and around the iconic hill city of Shimla.

Growing urbanization and a heavy tourist load in the summer months place huge demands on the city's ageing water supply infrastructure. Its capacity of 40 million liters daily (MLD) is unable to meet the current demand of 56 MLD. With at least 30-40% of the city's population of around 200,000 not covered by the sewerage system, sanitation has also emerged as a public health issue in Shimla.

The Bank-supported project, the first in a series of three development policy loans (DPL), will support the GoHP's program of policy and institutional reform needed to bring continuous, pressurized (24x7) water supply, efficient sewage collection and treatment for all households in the Greater Shimla Area. The state government has, jointly with the Shimla Municipal Corporation, set up a dedicated utility which will take over WSS services for the city; these responsibilities were hitherto fragmented between different agencies and departments, leading to blurred accountability. This utility -- the Shimla Jal Prabandhan Nigam Ltd or SJPNL -- will run the city's WSS system. Policy decisions such as setting water tariffs and subsidies will be done by the state government and the city municipality.

The World Bank DPL will support SJPNL in its policy and institutional reform program as it launches three critical operations to improve WSS services in the state capital: (i) bringing bulk water to Shimla from a new source on the Sutlej River; (ii) 24x7 water supply and sewage management for Shimla City and; (iii) sewage services for peri-urban areas. It will also support capacity building for the Shimla Municipal Corporation to take on its new role of oversight.

The state has also decided to strengthen the financial sustainability of WSS operations in Shimla where only 12% of the costs needed to operate and maintain the WSS system are actually recovered from customers, requiring the government to provide an average annual subsidy of over US\$ 12 million.

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Warm Regards,

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