



The World Bank

India: Andhra Pradesh Rural Inclusive Growth Project (P152210)

REPORT NO.: RES42501

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
INDIA: ANDHRA PRADESH RURAL INCLUSIVE GROWTH PROJECT
APPROVED ON DECEMBER 19, 2014
TO
REPUBLIC OF INDIA

AGRICULTURE AND FOOD

SOUTH ASIA

Regional Vice President:	Hartwig Schafer
Country Director:	Junaid Kamal Ahmad
Regional Director:	John A. Roome
Practice Manager/Manager:	Kathryn Hollifield
Task Team Leader(s):	Raj Ganguly, Samik Sundar Das



ABBREVIATIONS AND ACRONYMS

ANGRAU	Acharya N.G. Ranga Agricultural University
DEA	Department of Economic Affairs, Government of India
FMCG	Fast Moving Consumer Goods
FPG	Farmer Producer Group
FPO	Farmer Producer Company
GoAP	Government of Andhra Pradesh
Gol	Government of India
HDIF	Human Development Investment Fund
ICRISAT	International Crop Research Institute for Semi-Arid Tropics
IDA	International Development Agency
ICT	Information and Communication Technologies
SC	Scheduled Caste
SHG	Self Help Group
ST	Scheduled Tribe
TPRM	Tripartite Portfolio Review Meeting
WASH	Water Sanitation and Hygiene



BASIC DATA

Product Information

Project ID P152210	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 19-Dec-2014	Current Closing Date 30-Jun-2020

Organizations

Borrower Government of India	Responsible Agency Society for Elimination of Rural Poverty, Department of Panchayat Raj and Rural Development, Department of Tribal Welfare, Department of Women Development & Child Welfare, Department of Health, Medical & Family Welfare
-------------------------------------	--

Project Development Objective (PDO)

Original PDO

The PDO is to enable selected poor households to enhance agricultural incomes and secure increased access to human development services and social entitlements.

The selected poor households will include households that are geographically and socially excluded and have low income levels. The incomes for these households will be enhanced by ensuring increased incomes from agriculture and allied sectors through increased productivity and enhanced market access. The human development services include services related to health, nutrition and sanitation. The social entitlements mainly include social safety nets like the wages from National Rural Employment Guarantee Scheme, pensions and insurance benefits that are provided by the government.



Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net	
					Commitment	Disbursed / Undisbursed
IDA-55760	19-Dec-2014	16-Nov-2015	02-Feb-2016	30-Jun-2020	75.00	47.28 / 27.72

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. This Restructuring Paper seeks approval for restructuring the Andhra Pradesh Rural Inclusive Growth Project to revise the costs by cancelling IDA US\$23.5 million.
2. **Context:** The project was prepared to support the Government of Andhra Pradesh’s (GoAP) efforts to address inclusion challenge which was inhibiting the state in its pursuit to catch up with other southern states like Kerala and Tamil Nadu in terms of economic and human development outcomes for disadvantaged sections particularly the SC and ST households, small and marginal farmers, disabled and vulnerable people. Furthermore, the project aimed to build on the GoAP’s engagements with the World Bank which were mainly focused on development of institutional platforms of rural women but had enabled opportunities to achieve further increases in income through value chain development and improved market access. Through the project, the GoAP also targeted substantial improvements in the human development status of disadvantaged sections with necessary impetus on better service delivery. The Project’s development objective is to enable selected poor households to enhance agricultural incomes and secure increased access to human development services and social entitlements.
3. The project is achieving the stated project development objective (PDO) through five components: (i) **value chain development** which seeks to increasing the income of 250,000 small and marginal farmers by at least 50 percent through productivity enhancement and improved market access; and to invigorate and create local markets by connecting rural producers and enterprises with rural consumers and also thereby enhance the quality of consumption of poor households (ii) **human development** which seeks to enable the demand side of citizen organizations to hold the supply side of service providers accountable for service delivery in the human development (HD) sector, as well as to improve HD service delivery by strengthening public systems to deliver quality services; (iii) **access to social protection services and entitlements** which aims to improve coverage and service delivery of social protection entitlements to 500,000 of the poorest households; (iv) **mission support, ICT and partnerships** which seek to support real time analytics, open data systems and feedback-based policy development at the state level; and to also create an enabling ecosystem for innovation and transformation in delivering good quality last-mile services planned under other components; (v) **project implementation support**.



Project Status

4. The achievement towards the PDO and Implementation Progress are rated Moderately Satisfactory. Slightly over 63% of the IDA Credit, or \$47.28 million, has been disbursed against the total IDA commitments of \$75 million. As assessed during the Project supervision mission in February 2020, the project is likely to have an unspent amount of \$20 million at the time of its scheduled completion on June 30, 2020. The GoAP, through its letter dated June 17, 2020 has requested DEA to cancel \$20 million of IDA credit, for which this restructuring is being undertaken. The DEA through its letter dated June 26, 2020, authorized World Bank to determine the final savings and additional cancellation in consultation with the State as the project closing date remained as June 30, 2020. Accordingly, the World Bank task team in consultation with the project determined that an additional \$3.5m be cancelled. This restructuring does not affect the PDO.
5. Under Component 1 (value chain development), the project has promoted 168 Farmer Producer Organizations (FPO) in 161 mandals, covering 298,295 small farmers under 25,805 FPGs, thus surpassing end of project targets related to mobilization of farmer-producers under rural value chains. Collective marketing in partnership with private sector has been initiated in several FPOs. Under the ongoing COVID-19 pandemic, several FPOs functioned as aggregators to ensure their members receive Minimum Support Price for procurement of grains. Under the other sub-component, the project mobilized 4,624 village level marts (*Mana Kirana stores*) in 71 'village mart cooperatives' (Mandal Nodal Stores), which have championed retail sales of quality FMCG and SHG products (food and non-food) in the villages at competitive prices. The activities are positively impacting rural consumption, nutrition in particular, and this unique model of rural retail is gaining favour in other States viz. Aajeevika in Bihar.
6. Under component 2 (Human Development), of the targeted 250,000 households, 117,379 households received services related to health, nutrition and sanitation. 20,324 Village Organization Health Committee members were trained, exceeding the target of 10,000. Of the 166,000 targeted households, 134,408 (80.9%), received backyard poultry interventions. 946,470 households, exceeding the target of 150,000 households, received support through HDIF funds for WASH and Health and Nutrition activities.
7. Under component 3 (Access to social protection services and entitlements), a total of 649 One Stop Shop (OSS) centres have been established (against a target of 700) benefitting 214,023 households.
8. Under component 4 (Mission support, ICT and Partnerships), the project has successfully nurtured and sustained partnerships with several public and private sector organizations notably ICRISAT, ANGRAU, Olam International, Tanager, Mahindra etc. and has also worked with several agricultural start-ups namely Fruitfal, Kalgudi to enable access to eCommerce and digital agriculture.
9. Under component 5 (Project Implementation Support), the project has completed baseline study and mid-term review. Because of Covid-19 pandemic, the project was unable to carry out an extensive field survey-based evaluation study in time and is instead conducting a rapid evaluation study through telephonic surveys.
10. This paper proposes cancellation of (a) IDA Credit of \$20 million, with effect from June 22, 2020; and (b) IDA Credit of \$3.5 million, with effect from June 26, 2020 revising the total Project cost to \$51.5 million.

II. DESCRIPTION OF PROPOSED CHANGES



Cancellation of US\$23.50 million from the Credit. The project is closing on June 30, 2020 and has a surplus credit primarily due to an unspent amount due to partial-completion of certain component activities, prompting DEA’s request to cancel US\$23.50 million of the Credit.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Cancellations Proposed	✓	
Reallocation between Disbursement Categories	✓	
Disbursements Arrangements	✓	
Other Change(s)	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Loan Closing Date(s)		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓



Environmental Analysis		✓
------------------------	--	---

IV. DETAILED CHANGE(S)

CANCELLATIONS

Ln/Cr/Tf	Status	Currency	Current Amount	Cancellation Amount	Value Date of Cancellation	New Amount	Reason for Cancellation
IDA-55760-001	Disbursing&Repaying	USD	75,000,000.00	20,000,000.00	22-Jun-2020	55,000,000.00	BORROWER'S REQUEST FOR COUNTRY REASONS

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

	Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
				Current	Proposed
IDA-55760-001 Currency: USD					
iLap Category Sequence No: 1		Current Expenditure Category: Gds,Wks,NCS,CS,Op Cst,Trng,Wksp			
	45,000,000.00	23,665,016.69	30,000,000.00	70.00	70
iLap Category Sequence No: 2		Current Expenditure Category: VHDP Grants, BP Grants			
	30,000,000.00	23,614,148.60	25,000,000.00	70.00	70
Total	75,000,000.00	47,279,165.29	55,000,000.00		