

India: World Bank Supports Andhra Pradesh's Reform Program with US\$225 million

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WASHINGTON, January 11, 2007 — The World Bank today approved a loan/credit of US\$225 million to the Indian state of Andhra Pradesh to support the government's ongoing program of fiscal, administrative and service delivery reforms—which is expected to boost economic growth and reduce poverty.

The fifth largest state in India with an estimated population of 80 million, Andhra Pradesh is one of India's leading reforming states. It has demonstrated commitment to broad-based reforms and has an impressive record on growth and poverty reduction. For over a decade, Andhra Pradesh has had a sustained policy and institutional reform program that has accelerated private sector-led growth and improved the quality of public service delivery in the state.

The **Third Andhra Pradesh Economic Reform Loan/Credit** is the third in a series of budget support operations. The program is designed to improve the state's investment climate, strengthen public expenditure and financial management practices, improve the quality of public service delivery in health, education and power sectors and help the government to better target anti-poverty programs through more effective monitoring and evaluation.

"Andhra Pradesh has made impressive progress in all dimensions of development. Per capita income has risen, poverty has fallen considerably, and 95 percent of its primary school age children are in school," said **Fayez Omar, Senior Manager, India Program and Acting World Bank Country Director for India**. *"This operation will ensure continuity of the reform program and address a number of development challenges."*

The benefits from the project include: greater investment and more job opportunities due to improvement in the state's investment climate; increased fiscal space for development spending through better public budget and financial management; and improved delivery of public services through better governance and effective targeting of programs.

"The reform momentum in Andhra Pradesh continues to gather pace and is reflected in its improved development achievements," said **Vinaya Swaroop, World Bank Lead Economist**. *"This project will also help the state in making the development process more inclusive, especially the poor living in rural areas."*

The US\$150 million loan is from the International Bank for Reconstruction and Development (IBRD) and has 20 years to maturity including 5-years of grace period.

The US\$75 million credit is provided by the International Development Association (IDA), the World Bank's concessionary lending arm and has 35 years to maturity and a 10-year grace period.

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For more information on the Bank's work in India, please visit <http://www.worldbank.org.in>

For more project information, please visit

http://www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187283&siteName=WDS&entityID=000104615_20061002114507