



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
MADHYA PRADESH URBAN DEVELOPMENT PROJECT
APPROVED ON APRIL 12, 2017
TO THE
REPUBLIC OF INDIA

URBAN, RESILIENCE AND LAND GLOBAL PRACTICE

SOUTH ASIA REGION

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ABBREVIATIONS AND ACRONYMS

BISCO	:	Bhopal Indore Super Corridor
DEA	:	Department of Economic Affairs
GIS	:	Geographic Information System
GoI	:	Government of India
MPUDC	:	Madhya Pradesh Urban Development Company
MPUDP	:	Madhya Pradesh Urban Development Project
PDO	:	Project Development Objective
ULBs	:	urban local bodies



BASIC DATA

Product Information

Project ID P155303	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 12-Apr-2017	Current Closing Date 31-Dec-2022

Organizations

Borrower Republic of India	Responsible Agency Urban Development and Environment Department, Govt. of Madhya Pradesh
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Project Development Objective (PDO)

Original PDO

The project development objective (PDO) is to enhance the capacity of MPUDC to improve coverage of key urban services and increase the revenue of participating urban local bodies.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-87460	12-Apr-2017	12-Jun-2017	12-Jul-2017	31-Dec-2022	116.20	26.75	89.45

Policy Waiver(s)

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

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. The US\$116.20 million IBRD loan for the Madhya Pradesh Urban Development Project (MPUDP) was approved on April 12, 2017 and became effective on July 12, 2017. The closing date of the loan is December 31, 2022. The Project development objective (PDO) is to enhance the capacity of the Madhya Pradesh Urban Development Company (MPUDC) to improve coverage of key urban services and increase the revenue of participating urban local bodies (ULBs). The project comprises two components: (i) Component 1: Institutional Development; and (ii) Component 2: Urban Investments.
2. **Overview.** The Project has been under implementation for four years and, as of May 12, 2021 disbursement had only reached US\$21.57 million (19 percent). The likelihood of achieving the PDO and implementation progress are both rated Unsatisfactory; the status of implementation of the two project components is summarized below. Project implementation has been slow since the outset. The situation has been exacerbated by the onset of the COVID-19 pandemic in March 2020. The Bank is discussing the status of the project and ways to speed up implementation with the Government of India and the Government of Madhya Pradesh, as well as MPUDC, on a regular basis. The project is in compliance with Bank fiduciary and safeguard requirements, as well as applicable loan covenants. There are no overdue audits or material unaddressed audit observations.
3. **Implementation of Component 1** (US\$26.5 million, of which IBRD loan US\$18.6 million). Implementation of the Policy Reforms sub-component has advanced well. Revenue augmentation plans have been prepared for all nine priority urban local bodies (ULBs), and field-based teams to support the nine ULBs in revenue augmentation are fully operational. Over 1,200 ULB officials have been trained on various aspects related to Property Tax rules, budgeting and accounting, and GIS validation of property registers. On the other hand, implementation of the sub-component focusing on Institutional Strengthening of MPUDC has not started, and a substantial part of the activities will be dropped as part of this restructuring.
4. **Implementation of Component 2** (US\$139.2 million, of which IBRD loan US\$97.4 million). This component is financing water supply and/or sewerage sub-projects that are under implementation in nine cities. A tenth sewerage sub-project is currently under bidding. Five of the ongoing sub-projects are expected to be commissioned by the December 2022 closing date. Completion of the remaining five sub-projects by the closing date is less likely based on MPUDC's implementation record to date.
5. **Risks.** The overall risk achieving the PDO is rated Substantial. Environmental and social safeguards risk is rated high, while risks relating to technical design of the project, institutional capacity for implementation, fiduciary (both financial management and procurement), and "Other Risks" (which focus on the Impact of COVID-19 on Project Implementation) are rated Substantial. The project design includes appropriate risk mitigation measures, including extensive implementation support from the Bank.
6. **Rationale for Restructuring.** Following the Mid-Term Review of the project in March 2020, the costs of activities to be implemented under Components 1 and 2 were reviewed, and savings of US\$10 million and US\$3 million were identified under Components 1 and 2, respectively. These correspond to loan savings of US\$7 million and US\$2.1 million under these components, for a total of US\$9.1 million in loan savings. In its letter of April 23, 2021, the Department of Economic Affairs (DEA), Government of India (GoI), forwarded to the World Bank the Government of Madhya Pradesh's request for cancellation of these savings from the loan.



II. DESCRIPTION OF PROPOSED CHANGES

- 7. The proposed cancellation of US\$9.1 million will result in changes to component costs and disbursement estimates (see Section IV), as well as to the Results Framework. The end target of the intermediate indicator “number of participating ULBs implementing agreed revenue mobilization reforms” is proposed to be reduced to match the final number of ULBs accessing investment loans under the Project, while the intermediate indicator “BISCO region development preparation completed” is proposed to be deleted, as this activity is being dropped. The proposed cancellation will affect the amount allocated to the disbursement category. In addition, the disbursement forecast is proposed to be revised based on the cumulative disbursements to date and the estimated disbursements during the remainder of the project.

III. SUMMARY OF CHANGES

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



Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
1. Institutional Development	26.50	Revised	1. Institutional Development	16.50
2. Urban Investments	139.20	Revised	2. Urban Investments	136.20
Front end fee	0.30	No Change	Front end fee	0.30
TOTAL	166.00			153.00

CANCELLATIONS

Ln/Cr/Tf	Status	Currency	Current Amount	Cancellation Amount	Value Date of Cancellation	New Amount	Reason for Cancellation
IBRD-87460-001	Disbursing	USD	116,200,000.00	9,100,000.00	23-Apr-2021	107,100,000.00	LOAN RESTRUCTURING, COST SAVINGS

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed

IBRD-87460-001 | Currency: USD



iLap Category Sequence No: 1	Current Expenditure Category: Gds, Wks, CS, Trng, OC				
	115,909,500.00	26,457,863.50	106,809,500.00	70.00	70.00
Total	115,909,500.00	26,457,863.50	106,809,500.00		

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2017	0.00	0.00
2018	9,999,999.96	6,361,839.00
2019	33,999,999.96	4,320,917.00
2020	29,000,000.04	5,725,129.00
2021	26,000,000.04	12,942,626.00
2022	14,000,000.04	40,000,000.00
2023	3,200,000.04	39,749,462.00



Results framework

COUNTRY: India

Madhya Pradesh Urban Development Project

Project Development Objectives(s)

The project development objective (PDO) is to enhance the capacity of MPUDC to improve coverage of key urban services and increase the revenue of participating urban local bodies.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
Project Development Objective				
Number of projects completed by MPUDC (Number)		0.00		60.00
Number of participating ULBs reporting average annual growth rate in own source revenue of at least 10% per annum since base year (Number)		0.00	5.00	30.00
Number of people in urban areas provided with access to Improved Water Sources under the project (Number)		0.00	80,000.00	280,000.00
Number of people in urban areas provided with access to Improved Sanitation under the project (Number)		0.00	50,000.00	340,000.00



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
1. Institutional Development						
Volume of subproject financing approved by MPUDC (Amount(USD))		0.00				132,000,000.00
Number of participating ULBs implementing agreed revenue mobilization reforms (Number)		0.00	8.00			10.00
Action: This indicator has been Revised						
Number of participating ULBs preparing a zero base budget following State budgeting manual (Number)		0.00	2.00			5.00
Number of staff trained directly under MPUDP in revenue improvement, accounting & budgeting, environmental and social safeguards, procurement and financial management (Number)		0.00	100.00			300.00
BISCO region development preparation completed (Text)		NA				None
Action: This indicator has been Marked for Deletion	Rationale: <i>This sub-component activity (BISCO regional development) has been dropped at GoMP's request.</i>					
2. Urban Investments						



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
Number of improved water supply connections provided through the Project disaggregated by gender and caste (Number)		0.00	15,700.00			55,000.00
Number of improved sanitation connections provided through the Project disaggregated by gender and caste (Number)		0.00	10,000.00			68,000.00
Participants in consultation activities during project implementation (number) (Number)		0.00	10,000.00	45,000.00	80,000.00	100,000.00
Participants in consultation activities during project implementation - female (Number)		0.00	4,500.00	20,250.00	36,000.00	45,000.00



The World Bank

Madhya Pradesh Urban Development Project (P155303)
