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Report No: RES20203

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

ANDHRA PRADESH RURAL INCLUSIVE GROWTH PROJECT  
CREDIT NO. 5576-IN

APPROVED ON DECEMBER 19, 2014

TO

THE REPUBLIC OF INDIA

September 9, 2015

AGRICULTURE GLOBAL PRACTICE  
SOUTH ASIA REGION

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## ABBREVIATIONS AND ACRONYMS

CEO	Chief Executive Officer
DEA	Department of Economic Affairs
IDA	International Development Association
GBP	British Pound
PDO	Project Development Objective
SDR	Special Drawing Rights
SERP	Society for Elimination of Rural Poverty
JPY	Japanese Yen
EUR	Euro

Regional Vice President:	Annette Dixon
Country Director:	Onno Ruhl
Senior Global Practice Director:	Juergen Voegelé
Practice Manager/Manager:	Shobha Shetty
Task Team Leader:	Parmesh Shah
Co-Task Team Leader:	Robert Chase

## DATA SHEET

*India*

*Andhra Pradesh Rural Inclusive Growth Project (P152210)*

*SOUTH ASIA*

*Agriculture*

Report No.

RES20203

Basic Information							
Project ID:	P152210			Lending Instrument:	Investment Project Financing		
Regional Vice President:	Annette Dixon			Original EA Category:	Partial Assessment (B)		
Country Director:	Onno Ruhl			Current EA Category:	Partial Assessment (B)		
Senior Global Practice Director:	Juergen Voegele			Original Approval Date:	19-Dec-2014		
Practice Manager/Manager:	Shobha Shetty			Current Closing Date:	30-Jun-2020		
Team Leader(s):	Parmesh Shah, Robert Chase						
Borrower:							
Republic of India, Department of Economic Affairs, Ministry of Finance							
Responsible Agency:							
Society for Elimination of Rural Poverty, Andhra Pradesh							
Restructuring Type							
Form Type:	Short Restructuring Paper			Decision Authority:	Board		
Restructuring Level:	Level 1						
Financing							
Key Dates							
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P152210	IDA-55760	Not Effective	19-Dec-2014			30-Jun-2020	30-Jun-2020

Disbursements (in Millions)									
Project	Ln/Cr /TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P152210	IDA-55760	Not Effective	XDR	50.80	50.80	0.00	0.00	50.80	
<b>Policy Waivers</b>									
Does the project depart from the CAS/CPF in content or in other significant respects?							Yes [ ]	No [ X ]	
Does the project require any policy waiver(s)?							Yes [ ]	No [ X ]	
<b>A. Summary of Proposed Changes</b>									
<p>The Andhra Pradesh Rural Inclusive Growth Project (the “Project”) was approved by the Executive Directors on December 19, 2014. Subsequently, on April 22, 2015, the Executive Directors approved the Extension of the IDA Single-Currency Lending Pilot Program (IDA/R2015-0085) (the "Extension"). The Financing Agreement for the Project has not yet been signed and India has requested that the financial terms provided in the Extension be made available for the Project. Because the Extension did not specifically make such financial terms applicable to previously approved projects, the approval of the Executive Directors is being sought through this Restructuring Paper to apply such financial terms to the Project.</p>									
<b>There are no other changes proposed to the Project.</b>									
Change in Implementing Agency							Yes [ ]	No [ X ]	
Change in Project's Development Objectives							Yes [ ]	No [ X ]	
Change in Results Framework							Yes [ ]	No [ X ]	
Change in Safeguard Policies Triggered							Yes [ ]	No [ X ]	
Change of EA category							Yes [ ]	No [ X ]	
Other Changes to Safeguards							Yes [ ]	No [ X ]	
Change in Legal Covenants							Yes [ ]	No [ X ]	
Change in Loan Closing Date(s)							Yes [ ]	No [ X ]	
Cancellations Proposed							Yes [ ]	No [ X ]	
Change to Financing Plan							Yes [ ]	No [ X ]	
Change in Disbursement Arrangements							Yes [ ]	No [ X ]	
Reallocation between Disbursement Categories							Yes [ ]	No [ X ]	
Change in Disbursement Estimates							Yes [ ]	No [ X ]	

Change to Components and Cost	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
Change in Institutional Arrangements	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
Change in Financial Management	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
Change in Procurement	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
Change in Implementation Schedule	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
Other Change(s)	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]
Appraisal Summary Change in Economic and Financial Analysis	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
Appraisal Summary Change in Technical Analysis	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
Appraisal Summary Change in Social Analysis	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
Appraisal Summary Change in Environmental Analysis	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]
Appraisal Summary Change in Risk Assessment	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]

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## **B. Project Status**

The Project was approved by the World Bank board on December 19, 2014. The Financing Agreement has not yet been signed.

Since the approval of the Project, the implementing agency, SERP, Andhra Pradesh has completed several key procurements and recruitments and has finalized the roll out of pilots across 30 mandals of the 150 mandals targeted for the start of the Project. Over the next 3 months, the remaining pilots will be rolled out and the learnings from the pilot will help the overall Project roll out strategy.

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## **C. Proposed Changes**

### **EXPLANATION:**

The only change being proposed is to the financial terms, specifically to make available the terms provided for in the Extension of the IDA Single-Currency Lending Pilot Program (IDA/R2015-0085). The change would be reflected in the Financing Agreement as follows:

- 1) Article II of the Financing Agreement: Change in currency denomination to dollar and revision of financing amount (USD75 million), deletion of service charge, incorporation of variable interest rate (i.e. LIBOR + fixed spread)
- 2) Section IV of the Schedule 2 to the Financing Agreement: Revision of disbursement table to change currency denomination and adjust amounts accordingly. Same adjustment to retroactive financing.
- 3) Section I to the Appendix to the Financing Agreement (Definitions): Incorporating definitions necessitated by the new financial terms (i.e. definition for “Credit Currency”, “Financial Center”,

“Fixed Spread”, “Interest Period”, “LIBOR”, “Reference Rate”, “Reference Rate Reset Date”, and “Relevant Rate Page”).

4) Section II to the Appendix to the Financing Agreement (Adjustments to the Applicable General Conditions): Incorporating revisions to the General Conditions necessitated by the variable interest rate option (e.g. deletion of reference to “service charge”, inclusion of prepayment premia for swap cancellation, etc.)

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### **Development Objectives/Results**

#### **Project Development Objectives**

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

**Change in Project's Development Objectives : *None***

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**INDIA: ANDHRA PRADESH RURAL INCLUSIVE GROWTH PROJECT**  
**CR 5576 IN**  
**Restructuring Paper**

1. **Background:** The Project was approved by the World Bank Board on December 19, 2014. Subsequently, on April 22, 2015, the Executive Directors approved the Extension of the IDA Single-Currency Lending Pilot Program (IDA/R2015-0085) (the "Extension") with additional flexibility afforded to transitional support window borrowers with respect to interest rate and currency terms. The financing agreement for the Project has not yet been signed and India has requested that the financial terms offered in the extension be made available for the Project. Because the Extension did not specifically make such financial terms applicable to previously approved projects, the approval of the Executive Directors is being sought through this Restructuring Paper to apply such financial terms to the Project.
2. Since the approval of the Project, the implementing agency, SERP, Andhra Pradesh has completed several key procurements and recruitments and has finalized the roll out of pilots across 30 mandals of the 150 mandals targeted for the start of the Project. Over the next 3 months, the remaining pilots will be rolled out and learnings from the pilots will help the overall Project roll out strategy.
3. **Summary of the Changes:** The only change being proposed is to the financial terms, specifically to make available the terms provided for in the Extension. The change would be reflected in the Financing Agreement as follows:
  - Article II of the Financing Agreement: Change in currency denomination to US Dollar and revision of financing amount (USD75 million), deletion of service charge, incorporation of variable interest rate (i.e. LIBOR + fixed spread)
  - Section IV of the Schedule 2 to the Financing Agreement: Revision of disbursement table to change currency denomination and adjust amounts accordingly. Same adjustment to retroactive financing.
  - Section I to the Appendix to the Financing Agreement (Definitions): Incorporating definitions necessitated by the new financial terms (i.e. definition for "Credit Currency", "Financial Center", "Fixed Spread", "Interest Period", "LIBOR", "Reference Rate", "Reference Rate Reset Date", and "Relevant Rate Page").
  - Section II to the Appendix to the Financing Agreement (Adjustments to the Applicable General Conditions): Incorporating revisions to the General Conditions necessitated by the variable interest rate option (e.g. deletion of reference to "service charge", inclusion of prepayment premia for swap cancellation, etc.)
4. This will be the first restructuring for the project (Cr. 5576).