

Project Summary Information (PSI)

Project No: 000020

Project Name	Madhya Pradesh Rural Connectivity Project
Country	Republic of India
Sector	Transport/Road
Project No	000020
Borrower	Republic of India
Implementation Agencies	Madhya Pradesh Rural Road Development Authority (MPRRDA)
Environmental and Social Category	Category B
Date of PSI prepared or updated	09 May 2017
Estimated Date of Board Consideration	September 2017
Concept Decision	Approved

I. Introduction

Madhya Pradesh (MP) is the second largest state in India, in terms of area, and the sixth most populous state with a population of 72.6 million. Yet MP is less developed on average compared to the rest of India. Over 32 percent of MP's population lives below the poverty line compared to the national average of 21 percent. Within the state, poverty rates in the rural areas are also higher compared to urban areas, across all social groups. While significant progress has been made on the literacy front in the last decade, most social and economic indicators of the state remain poorer than other states.

It is evident that low level of infrastructure development has been hampering the state's ability to accelerate economic growth. Poor infrastructure would impact on the efforts to expand social opportunities as well as avenues for increasing incomes in the productive sector. MP lags behind most other states in terms of provision of essential infrastructures. According to an index ranking, the state's infrastructure is amongst the poorest¹ in the country, well below that of even other less developed major states like Bihar and Odisha and comparable only with the poor ones in the north-eastern states. The two critical sectors where the state falls behind are roads and power.

In a land locked state like MP, roads play a critical role in economic growth and development. MP, which is abundant in mineral resources and has growth potential in agricultural and industrial production, particularly needs a well-developed road network. The total length of rural roads in the state is 115,372 km, constituting more than one half of the road network in the state. About 90,000 km of the rural road network is already paved, with about 73,000 km of which was done under the national rural connectivity program "Pradhan Mantri Gram Sadak Yojana" (PMGSY) by MPRRDA, and the remaining 17,300 km by the Public Works Department. MPRRDA is further developing about 15,584 km of gravel surfaced roads under the Chief Minister's Gram Sadak Yojana (CMGSY).

¹ Ranked 19th out of 28 states in 2010

The gravel surfaced roads constructed under CMGSY have provided minimal improvements to rural connectivity. However, those gravel roads are not accessible during rainy seasons, and can experience severe deterioration even when there is moderate flood. While the construction costs of those gravel roads are low, the maintenance costs are high, especially when taking into consideration the reliability and safety condition. As such, service providers such as public transportation operators, education institutions, hospitals, traders, etc. are reluctant to bring essential services to the small villagers that have no all-weather road connection, because it becomes difficult and costly to provide uninterrupted follow-up services.

Some villages that have higher economic potential to grow faster require additional linkages (a total of approx. 510 km) to economic and market centers. Although the existing roads to the villages are connected to state highways or major district roads, connectivity among the villages themselves are not established. Hence significant travel time is required between villages, as well as between villages and market centers or schools due to absence of direct linkages. Each additional linkage will reduce the travel time between villages and market centers and benefit at least 2,000 residents of isolated villages.

Though MPRRDA has experience working with multilateral development institutions and has an adequate capacity to implement the Project, a few management systems including automated web project management system, road asset management, and road safety management capacity need to be developed or further improved to implement the Project efficiently and construct an integrated mechanism for safe operation and economical and responsive maintenance.

The World Bank will be the lead co-financier of the Project and will administer AIIB's loan on behalf of AIIB including procurement, disbursements, environmental and social compliance, and project monitoring and reporting. For further project details, please see the following World Bank's website:

<http://projects.worldbank.org/P157054/?lang=en&tab=overview>

II. Project Objectives and Expected Results

The objective of the Project is to improve rural accessibility through resilient infrastructure and enhance capacity of MPRRDA to manage MP's rural road network. The primary beneficiaries are villagers, especially women and children, who use the rural roads daily for social and economic activities. The secondary beneficiaries are various service providers, emergency services, and police. The Project will extend economic development to the state as a whole by integrating isolated and poor rural population with the rest of the state and markets. The expected results of the Project are to improve livelihood of rural population by giving them more income earning opportunities through a better farm to market road connection.

III. Project Description

The Project consists of three components.

- (i) **Rural Connectivity and Mobility Enhancement:** The component has three sub-components:
 - (a) upgrading the existing gravel surfaced rural roads (approx. 10,000 km) developed under the CMGSY program to a sealed surface standard to improve sustainability of last mile connectivity provided to 5400 villages;
 - (b) providing alternate connectivity (approx. 510 km)

to villages that have higher potential to grow faster, given additional linkages to more economic and market centers, and (c) supporting MPRRDA in the overall project management, construction supervision and quality control, technical and financial audit, with the support from independent consultants.

- (ii) **Institutional Development:** The component consists of developing automated web project management system, improving road asset management, reinforcing the engineering design and research unit of MPRRDA and training of MPRRDA staff in the design, procurement, contract management, road safety, social and environmental management of road projects.
- (iii) **Road Safety Management Capacity Development:** This component supports MPRRDA and other Government departments to build their capacity in managing the state’s road safety program including development of a Road Accident Data Management System (RADMS) and a community based road safety reporting system, design of an annual statewide road safety campaign, and piloting a speed management program along high risk corridors.

IV. Environmental and Social Category

The Bank has decided to use the World Bank’s Environmental and Social Safeguard Policies (Safeguard Policies) since (i) they are consistent with the Bank’s Articles of Agreement and materially consistent with the provisions of the Bank’s Environmental and Social Policy and relevant Environmental and Social Standards; and (ii) the monitoring procedures that the World Bank has in place to ascertain compliance with its Safeguard Policies are appropriate for the Project. Under the World Bank’s Safeguard Policies, the Project has been assigned Category B.

AIIB’s review of the due diligence conducted by the World Bank has revealed that social and environmental risks involved in the Project are low and, in accordance with the categorization, the environmental and social assessments will include an environmental assessment (OP 4.01) and an assessment of the impacts on natural habitat (OP 4.02) and forests (OP 4.36). Given that MP has 21 recognised tribal districts including 4 notified scheduled tribe districts, OP 4.10 on indigenous people has also been triggered. A Social Management Framework and an Environmental and Social Management Framework (ESMF) has been worked out to address the social and environmental issues that has been identified during the initial project review.

The ESMF for the Project has been disclosed on the following website:

http://mprrda.com/Citizen/wb_project.htm

V. Estimated Project Cost and Financing Source (in USD million)

Total Project Cost:	502	Total AIIB Financing:	141
Financing Gap:	0		
For Loans/Credits/Others			Amount
Borrower			150
AIIB			141
World Bank			211

Total	502
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VI. Implementation

The Project will be implemented by Madhya Pradesh Rural Road Development Authority (MPRRDA).

Procurement will be conducted in accordance with the World Bank's Procurement Regulations for Borrowers under the New Procurement Framework.

Expected project implementation period (Start Date and End Date): July 2017 – June 2022

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