

Document of
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Report No: 73901-IN

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF
KARNATAKA PANCHAYATS STRENGTHENING PROJECT
CREDIT NO. 4211-IN
(JUNE 29, 2006)

TO THE

REPUBLIC OF INDIA

December 10, 2012

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Extension of Closing Date

*INDIA — KARNATAKA PANCHAYATS STRENGTHENING PROJECT
P078832
(CREDIT NO. 4211-IN)*

Restructuring Paper

1. The closing date for *India, Karnataka Panchayats Strengthening Project, [Credit No. 4211-IN], P078832* will be extended from December 31, 2012 to December 31, 2013. This will be the second extension to the project making for a total extension of one year and nine months from the original closing date.
2. The project has been under implementation for over five years and is currently rated as moderately satisfactory in implementation progress and in achievement of Project Development Objectives. Significant progress has been made in institutionalizing the good governance practices developed under the project and in building capacity of Gram Panchayats. The assets created through untied grants are of acceptable quality and are put to use by the beneficiary communities. The general public appreciates the creation of a tendering requirement for awarding contracts, as per the recent post-procurement review, and attributes the same for improvement in quality of works under this project. There has been significant improvement in documenting of procurement, payments and completion certificates of works. There has been an increase in own source revenues. The introduction of computerized double-entry accrual accounting system has improved gram panchayat accounting significantly.
3. The proposed extension will be used to complete some key activities which include: a) the construction of the remaining Taluk Resource Centers (TRCs); b) establishing fully functional Satellite Communication facilities/studios; c) allowing the Gram Panchayats to complete the utilization, accounting and reporting of the block grants financed by the project; and d) completion of the impact evaluation and end-of-project survey. The extension will also help in utilizing the additional amount of Rs. 82.7 crores that has accrued to the project over and above the original allocated amount due to exchange rate fluctuation. The Borrower has submitted a detailed action plan to the Bank for completing the remaining activities and utilizing the additional amounts by December 31st, 2013.