

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	March 20, 2019
Date of Concept Approval	January 5, 2017
Date of Appraisal Approval	July 6, 2017
Date of Board Approval	April 11, 2018

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 36 percent of MP's rural population lives below the poverty line, significantly exceeding the urban poverty ratio of 21 percent. A large proportion of the rural population is characterized by marginal and underproductive land holdings, periodic droughts, insecure land tenure and a high dependency on seasonal agricultural labor. 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.

The low level of infrastructure development has hampered the state's ability to accelerate economic growth and to improve livelihoods of its rural population. Poor infrastructure dampens efforts to expand social opportunities as well as avenues for improving incomes through increased productivity. MP lags behind many other states in terms of provision of essential infrastructure, the two critical sectors being roads and power.

In a land locked state like MP, roads play a critical role in economic growth and development. The state has an abundance of mineral resources and growth potential in agricultural and industrial production, but needs a well-developed road network to benefit from both. The total length of rural roads in the state is 115,372 km, constituting more than two-thirds of the road network in the state. There are 90,000 km of paved rural road network, 68,000 km of which were paved under the Prime Minister's national connectivity program, "Pradhan Mantri Gram Sadak Yojana" (PMGSY), implemented by the MPRRDA. The remaining roads were paved by the Public Works Department and other agencies. The state is further developing about 15,584 km of gravel surfaced roads under the Chief Minister's Gram Sadak Yojana (CMGSY).

The gravel surfaced roads constructed under CMGSY have provided minimal improvements to quality and sustainable rural connectivity. However, gravel roads are subject to severe deterioration even with moderate floods. While construction costs are low, maintenance costs are high, especially when taking into consideration reliability and safety conditions. As such, service providers, such as public transportation operators, educational institutions, hospitals, traders, etc. are reluctant to bring essential services to small villages that have no all-weather paved road connection, because it becomes too difficult and costly to provide uninterrupted services. In addition, gravel roads represent a health and traffic safety hazard due to dust pollution.

Small villages with potential for growth require additional linkages to economic and market centers. Connectivity between villages is needed to reduce travel time between them and to market centers or schools through direct linkages.

Though MPRRDA has experience working with multilateral development institutions and has an adequate capacity to implement the project, a few management systems including rural road asset management system 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 objectives of the project are to improve durability and accessibility, and enhance resilience to climate change of the gravel surfaced rural roads in MP while building the capacity of the state to manage its rural road network and road safety. The primary beneficiaries are the estimated 1.5 million rural people inhabiting 5,640 villages, who use the rural roads daily for social and economic activities. These include geographically or culturally isolated communities – such as the Scheduled Castes, Scheduled Tribes, people living below the poverty line, youth, and vulnerable sections of society, including women, elderly and people with disabilities – to ensure equity in benefit distribution. More children, especially girls, are expected to enroll in higher education programs and school attendance is expected to improve. Additional off-farm employment opportunities outside the villages may also become available as road access to nearby cities improves. The secondary beneficiaries are police, MPRRDA staff, and service providers such as educational institutions, hospitals, public transport operators, etc. In addition, the project and future maintenance works will generate further employment and new economic activities for villagers.

III. Project Description

The project consists of four components.

- (i) **Road Upgrading, Construction and Maintenance:** The component has two sub-components: (a) surface sealing of the existing gravel surfaced rural roads (approx. 10,000 km) developed under the CMGSY program; and (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.
- (ii) **Institutional Development:** The component has two sub-components: (a) defining the rural road asset management system requirements and terms of reference (overall system architecture, data collection and analytical modules) and then procuring a road asset management system or such elements required to upgrade the existing system; and (b) strengthening design and research and quality assurance capacity of MPRRDA.
- (iii) **Road Safety Management Capacity Development:** The component has two sub-components: (a) developing a comprehensive and multi-institutional, multi-sectoral road accident data management system; and (b) piloting multi-sectoral road safety initiatives for a high-risk next work.
- (iv) **Design, Implementation and Management Support:** The component supports MPRRDA in overall project management, construction supervision and quality control, and technical and financing audits with the support from independent consultants.

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.

Three of the WB's Safeguard Policies have been applied to the project. They are OP 4.01, Environmental Assessment; OP 4.04, Natural Habitats; and OP 4.10, Indigenous Peoples. A Social Management Framework and an Environmental Management Framework have been disclosed on MPRRDA's website¹ and World Bank's website².

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

Total Project Cost:	502	Total AIIB Financing:	140
Loans/Credits/Others		Amount	
Borrower			152
AIIB			140
World Bank			210
Total			502

VI. Implementation

Expected project implementation period (Start Date and End Date): May, 2018 – December, 2022

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¹ http://mprrda.com/Citizen/wb_project.htm

² <http://projects.worldbank.org/P157054?lang=en>