# India Project Portfolio

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India Project Portfolio

**ANDHRA PRADESH**

Andhra Pradesh (AP) is the fifth largest state in India with a population of 76 million. Predominantly rural and one of the poorer states, AP’s per capita income was about US$382 in 1999, which is about 86 percent of the national average (US$446 in 1999). As is the case in the rest of India, poverty has declined in AP in the 1990s, dropping from over 30 percent in 1990 to 21.6 percent in 2000.

AP has some of the most heartening social indicators in India and seems likely to achieve a large proportion of the MDG targets.

- Literacy rate was 67.7 percent, well above the India figure of 65 percent
- Female literacy rate is 53 percent as against the India figure of 54 percent
- Maternal mortality is 130 deaths per 100,000 live births as against 408 for the rest of India
- Infant mortality is 65.1 deaths per 1,000 live births as against 67.4 for India
- Around 36 percent of children under five years of age are underweight.
- Close to 90 percent of children between the ages of five and nine are in school

On the economy front, after trailing during the first half of the 1990s, AP’s growth rate (5.9 percent) exceeded the average growth rate of the national economy (5.4 percent) in the second half of the 1990s. The strong performance of the services sector has been the main driver of AP’s better growth performance. But despite growth, significant development challenges remain. The state’s medium-term development strategy has two main objectives: (i) accelerating economic growth, and (ii) eradicating poverty

**World Bank Portfolio in Andhra Pradesh**

A shared commitment to poverty reduction is the basis for the long development partnership between AP and the World Bank, some 8 percent of whose net commitments are focused on the state. This portfolio of roughly US$1 billion makes AP the fourth largest partner for the Bank, after Tamil Nadu, Maharashtra and Uttar Pradesh.
List of active projects in AP as of August 2005 (Amount in US$ M)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US $)</th>
<th>State Share</th>
<th>Amt (US$ M)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single State Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 AP Community Forestry</td>
<td>16-Jul-02</td>
<td>31-Mar-08</td>
<td>108</td>
<td>100%</td>
<td>108.0</td>
</tr>
<tr>
<td>2 AP District Poverty Initiatives</td>
<td>04-Nov-00</td>
<td>31-Dec-05</td>
<td>111</td>
<td>100%</td>
<td>111.0</td>
</tr>
<tr>
<td>3 AP Economic Restructuring</td>
<td>25-Jun-98</td>
<td>30-Sep-05</td>
<td>543.2</td>
<td>100%</td>
<td>543.2</td>
</tr>
<tr>
<td>4 AP Rural Poverty Reduction</td>
<td>20-Feb-03</td>
<td>30-Sep-08</td>
<td>150</td>
<td>100%</td>
<td>150.0</td>
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<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td><strong>912.2</strong></td>
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</tr>
<tr>
<td><strong>National/Multistate Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 AIDS Prevention and Control II</td>
<td>15-Jun-99</td>
<td>31-Mar-06</td>
<td>191</td>
<td>8%</td>
<td>15.3</td>
</tr>
<tr>
<td>6 Hydrology Project II</td>
<td>24-Aug-04</td>
<td>28-Feb-11</td>
<td>105</td>
<td>3%</td>
<td>3.5</td>
</tr>
<tr>
<td>7 Immunization Strengthening Project</td>
<td>25-Apr-00</td>
<td>31-Dec-05</td>
<td>226</td>
<td>7%</td>
<td>15.8</td>
</tr>
<tr>
<td>8 Malaria Control</td>
<td>06-Dec-97</td>
<td>31-Oct-05</td>
<td>118.3</td>
<td>14%</td>
<td>16.9</td>
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<tr>
<td>9 Tech/Engg Quality Improvement</td>
<td>14-Nov-02</td>
<td>30-Jun-08</td>
<td>209.9</td>
<td>10%</td>
<td>20.6</td>
</tr>
<tr>
<td>10 Tuberculosis Control</td>
<td>30-Jan-97</td>
<td>30-Sep-05</td>
<td>129.4</td>
<td>4%</td>
<td>5.2</td>
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<tr>
<td>11 Women &amp; Child Development</td>
<td>29-Jun-98</td>
<td>31-Mar-06</td>
<td>274.9</td>
<td>2%</td>
<td>6.0</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td><strong>83.3</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Total value of portfolio in AP (US$ M)</strong></td>
<td></td>
<td></td>
<td><strong>995.5</strong></td>
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</tr>
</tbody>
</table>
Andhra Pradesh is one of the states where the Bank is actively engaged in helping the tsunami reconstruction effort. It has diverted IDA funds from the ongoing AP Rural Poverty Reduction Project to help rehabilitation initiatives in the coastal districts of Nellore, Guntur and Prakasam.

In the last several years, the Bank has financed a variety of state specific investment projects -- including rural poverty, rural roads and state highways, health, child nutrition, forestry, irrigation, and power projects. Two structural adjustment loans -- focusing on fiscal, governance and power sector issues -- were approved in February 2002 and February 2004. The Bank’s engagement in Andhra Pradesh also has a major non-lending, technical assistance component, which has led to various pieces of analytical work aimed at helping the state address complicated policy issues.

Ongoing Bank Projects in Andhra Pradesh

1. Andhra Pradesh Rural Poverty Reduction Project
   Approval Date: 20 February 2003
   Closing Date: 30 September 2008
   Commitment Amount: US$ 150 million
   Percentage Disbursed: 54 percent (As of 30 June 2005)
   Sector: Rural Development
   Implementing Agency: Society for the Elimination of Rural Poverty (SERP), Government of Andhra Pradesh

   Context:
   Rural poverty in AP, as everywhere, is a multidimensional and complex issue involving the inability to satisfy basic needs; lack of control over resources; lack of education and skills; poor health and malnutrition; lack of shelter; poor access to water and sanitation; vulnerability to shocks, violence and crime; and lack of political freedom and voice. Estimates of rural income poverty in AP vary between 11 percent (official figures from the Planning Commission) and 28 percent (revised figures from AP. Deaton, 2001). The slow growth rate in the agriculture sector and limited diversification of the rural economy raise real concerns in the rural areas.

   Project Development Objective:
   To enable the rural poor, particularly the poorest of the poor, in Andhra Pradesh to improve their livelihoods and the quality of their lives.

   Project Components:
   - Institution and human capital development;
   - Establishing a Community Investment Fund (CIF) designed to transfer financial and technical resources to Community Based Organizations (CBOs) and local governments to support subprojects in (i) social development, (ii) community-level infrastructure, (iii) income-generation and livelihood improvements, and (iv) land purchases and development, and (v) water resource management;
   - Support to pilot programs;
   - Educational support for out-of-school children and dropouts;
   - Support to persons with disabilities; and
   - Support for project management to the main implementing agency, SERP.
Location:

Status:
The Project now covers 548 mandals in 16 districts. Just over a year into implementation, nearly 3.5 million poor women have been mobilized into 300,000 self-help groups (SHGs) across 548 mandals in 16 districts. These SHGs have federated into 19,394 village organizations, 390 mandal samakhyas, and three district samakhyas.

These SHGs have generated savings of Rs. 3,934.5 million and have leveraged Bank linkages to the tune of Rs. 9,342.3 million. Federations have started marketing agricultural commodities and non-timber forest produce and have generated business worth Rs 78.9 million. SHGs and their federations are creating social action committees and family counseling services to help deal with violence and discrimination. Some 19,613 girl child laborers have been enrolled in residential schools.

As part of the Disability Pilot, 172,764 disabled persons have been identified of whom 71,837 have been organized into 18,998 SHGs. Significant progress has also been made in the pilots on health and nutrition and community-based land purchase.

2. AP Community Forestry Project
Approval Date: 16 July 2002
Closing Date: 31 March 2008
Commitment Amount: US$ 108 million
Percentage Disbursed: 44 percent (As of 30 June 2005)
Sector: Rural Development
Implementing Agency: Forest Department, Government of Andhra Pradesh

Context:
Andhra Pradesh has a forest area of 6.38 million hectares (23 percent of the state’s geographical area). Hence a large portion of the state’s rural population depends on forests which, thanks to increasing pressures, are already a depleted resource base. The challenge here is to make the poor and primarily tribal forest-dependent communities assume full responsibility for the development and maintenance of forest areas formally placed under their stewardship.

Project Development Objective:
The project development objective is to reduce rural poverty through improved forest management with community participation.

Project Components:
- Establishing an enabling environment for community-based forest management through support for policy and institutional changes and capacity building of government, community organizations, and non-governmental organizations.
- Forest management focused on improving the productivity of designated lands. Adaptive forestry research will also be supported, as will the preparation of a forestry inventory, an environmental and pest management plan, and a forest management information system; and,
- Community development to improve village infrastructure and people’s livelihoods through forest, and non-forest based income generation activities.

**Location:**
This Project will cover 5,000 villages in the 14 districts of Adilabad, Nizamabad, Mahbubnagar, Medak, Khammam, Warangal, Karimnagar, East Godavari, Visakhapatnam, Vizianagaram, Srikakulam, Chittoor, Cuddapah and Nellore.

**Status:**
The Project has facilitated the formation of 5,000 village-based Forest Protection Committees or Vana Samarakshana Samithis (VSS). These VSS’ have been given greater autonomy and financial powers to manage Project funds and 4,247 VSS have begun implementing their micro-plans for treatment of forest lands. Some 203,460 ha of forest area has been treated through community management. The Project has to further work on improving quality of VSS and also enhance their livelihood linkages and enhance income generation opportunities from forests. There are reports of higher incomes from the increased production and harvesting of bamboo and other non-timber forest products and there is a perceptible drop in migration from villages that fall under the Project.

3. AP District Poverty Initiative Project
   - Approval Date: 11 April 2000
   - Closing Date: 31 December 2005
   - Commitment Amount: US$ 111 million
   - Percentage Disbursed: 79 percent (As of 30 June 2005)
   - Sector: Rural Development
   - Implementing Agency: Government of Andhra Pradesh

**Context:**
In AP, despite strong recent efforts at reform, the last 15 years have seen a progressive crowding out of development expenditures by costly and poorly targeted subsidies, by a rapidly expanding civil service and by interest payments. As a result, public spending on social development (education, health and maintenance of essential irrigation and road networks) has been falling as a share of gross state domestic product (GSDP) and is far short of the state's needs.

**Project Development Objective:**
To improve opportunities for the rural poor to meet priority social and economic needs in the six poorest districts of Andhra Pradesh.

**Project Components:**
- Capacity building for new or existing common interest groups and self-help groups and their support organizations.
• Providing funds for demand-driven sub-projects to improve access to public social services; generate income through investments; and build facilities like community halls, school facilities, connector roads, and water supply and waste disposal systems.

• Financing a package of inter-related activities involving both non-formal and formal education which addresses the twin problems of child labor (especially girl child laborers) and high school drop-out rates.

**Location:**
The six poorest districts of the state -- Adilabad, Mahabubnagar, Anantapur, Chittoor, Srikakulam and Vizianagaram – have been selected; some 620,000 poor families will benefit from the Project.

**Status:**
More than 3.5 million poor people have been mobilized into forming 155,136 self-help groups and have generated savings over Rs 1,257.4 million. The Project has helped almost 70,000 of these SHGs access commercial bank finance to the tune of Rs.3,090 million and the repayment rate here has been 97 percent. Several federations have also been formed.

The Project has also helped 737,846 families set up income-generating sub-projects for activities including dairy, sheep rearing, petty business, small manufacturing, agricultural input supply and land/horticulture development. Reports show a substantive increase in the marketing of agricultural commodities and non-timber forest produce by community organizations and federations.

4. **Andhra Pradesh Economic Restructuring Project**
   
   **Approval Date:** 25 June 1998  
   **Closing Date:** 30 September 2005  
   **Commitment Amount:** US$ 543.2 million  
   **Percentage Disbursed:** 87 (As of 30 June 2005)  
   **Sector:**  
   **Implementing Agency:** Government of Andhra Pradesh

**Context:**
Critical public spending on social development and the maintenance of the essential irrigation and road networks has fallen far short of the state's needs. This is a major reason for the low social indicators, the relatively high incidence of poverty and the slow rate of economic growth.

**Project Development Objectives:**
To provide resources to meet priority needs in human development (nutrition, primary health and primary education) and in the maintenance of economic assets affecting the rural poor (irrigation, rural roads and core access roads).
**Project Components:**

- District primary education – to finance construction of new schools, recruitment of additional teachers, and establishment of school improvement funds for 14 educationally disadvantaged districts in Andhra Pradesh.
- Primary health – to improve the quality of primary health care services, support capacity building, and enhance community participation.
- Nutrition – to improve nutrition and health of poor pre-school-aged children and women by providing training and increasing the quality of the Integrated Child Development Service program.
- Rural road upgrading and maintenance – to provide basic all-weather road access to villages.
- Irrigation rehabilitation and maintenance – to improve irrigation services through farmers’ participation in irrigation management and improved cost recovery.
- Public enterprise reform – to assist the state government in meeting the cost of severance pay as part of the on-going reform of public enterprises.

**Status:**

All sectors, apart from irrigation, show significant progress.

*Education:* A 29 percent increase in gross enrollment rate and a 21.5 percent decrease in drop-out rate for primary education over the Project period.

*Health:* More than 632 primary health centers (PHCs) have been built and 432 existing PHCs repaired. Eighty percent of patients at these PHCs belong to underprivileged groups. Basic primary health care services continue to record an improvement with both infrastructural and managerial inputs provided by the Project. Some 8,500 community health workers supported by the Project have helped improved access to basic services.

*Irrigation:* The sustainability of the irrigation system is at risk due to continued low cost recovery.

*Nutrition:* The Project is on track for achieving the targeted reduction with regard to severe malnutrition and infant mortality rate, but not for moderate malnutrition.

*Roads:* All the initially planned heavy periodic maintenance works (some 1,263 km) for state highways under the Project had been completed by December 2004. About 2,738 km of rural roads, of a planned total of 2,987 kms, have also been upgraded. This has improved access to basic services for the rural population living in the Project area.

*Fiscal:* Most fiscal indicators are in line with the government's Medium Term Fiscal Framework which has put state finances on a sustained path.
**ASSAM**

Assam is the largest of the seven north-eastern states, which as a group is one of the most economically backward regions of India. Due in part to its location and geography and in part to continued political and social unrest over the last few decades, Assam has faced severe constraints to its economic growth. This has meant that public investment in infrastructure such as rural roads and bridges and private investment in all sectors has been very limited. Consequently, per capita income in the state, which was 4 percent above the national average in 1950-51, but had fallen to 39 percent below the national average by 2000-01.

Assam is currently the third poorest among major Indian states (only Bihar and Orissa have higher headcount poverty ratios). More than 97 percent of the state’s poor live in rural areas where agriculture and allied activities (livestock, fisheries, forestry) support the majority of the workforce. However agriculture is facing increasing problems, with the sector’s GDP declined at a rate of 0.1 percent per year between 1993 and 2002, even as the rest of the country achieved an agricultural trend growth rate of 2.9 percent per annum. Added to this problem is small farm size -- 62 percent of farmers here are classified as marginal (land holdings of less than 1 hectare); and another 21 percent as small (land holdings of 1 to 2 ha) – which further constrain the farmers’ capacities to invest in capital works and crop inputs. As a result Assam’s rural areas remain mired in poverty. The foremost development challenge before the state then is to improve the productivity of the primary sector through improved rural infrastructure and market linkages.

Assam’s human development indicators are about average:

- Literacy rate was 64.28 percent, almost at par with the India figure of 65 percent
- Female literacy rate is 56 percent, as against the India figure of 54 percent
- Maternal mortality is 401 deaths per 100,000 live births as against 408 for the rest of India
- Infant mortality is 62.6 deaths per 1,000 live births as against 67.4 for India
- Around 36 percent of children under three years of age are underweight.

In order to achieve higher growth for all, the state needs to bring basic services within the reach of all citizens thus reducing reducing disparities. Decentralisation and involving communities in the development process are likely to be effective strategies to achieve faster and equitable development in the state.
**World Bank Portfolio in Assam**

The Bank has a small portfolio in Assam with just a single active project, the Assam Agricultural Competitiveness Project. This Project builds on the gains accrued under the Assam Rural Infrastructure Development and Agricultural Services Project, which closed last year. If projects are categorized according to the location where activities are actually being implemented, Assam’s share is about 1 percent of the Bank’s total net commitments in India.

**List of projects under implementation in Assam (as of June 2005)**

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US$M)</th>
<th>State Share</th>
</tr>
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<tbody>
<tr>
<td><strong>Single state projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Assam Agric Competitiveness</td>
<td>14-Dec-04</td>
<td>31-Mar-10</td>
<td>154</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td></td>
<td>154.0</td>
<td></td>
</tr>
<tr>
<td><strong>National/Multistate projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 AIDS Prevention and Control II</td>
<td>15-Jun-99</td>
<td>31-Mar-06</td>
<td>191</td>
<td>1%</td>
</tr>
<tr>
<td>3 Immunization Strengthening</td>
<td>25-Apr-00</td>
<td>31-Dec-05</td>
<td>226</td>
<td>3%</td>
</tr>
<tr>
<td>3 TA for Economic Reforms</td>
<td>12-May-00</td>
<td>31-Dec-05</td>
<td>33</td>
<td>4%</td>
</tr>
<tr>
<td>4 Tuberculosis Control</td>
<td>30-Jan-97</td>
<td>30-Sep-05</td>
<td>129.4</td>
<td>1%</td>
</tr>
<tr>
<td>4 Woman &amp; Child Development</td>
<td>29-Jun-98</td>
<td>30-Jun-05</td>
<td>274.9</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td></td>
<td>12.6</td>
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<tr>
<td><strong>Total value of portfolio in Assam (US$ M)</strong></td>
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<td>166.6</td>
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</tbody>
</table>

**Ongoing Bank Projects in Assam**

1. **Assam Agricultural Competitiveness Project**

   Approval Date: 14 December 2004  
   Closing Date: 31 March 2010  
   Commitment Amount: US$ 154 million  
   Percentage Disbursed: 8 percent (As of 30 June 2005)  
   Sector: Rural development  
   Implementing Agency: Assam Rural Infrastructure and Agricultural Services Project Society, Government of Assam

**Context:**

Agriculture in Assam is centred on the monsoon-based rice production systems in the Brahmaputra and Barak valleys, which account for about 70 percent of the net cropped area. However, the intensification of production and diversification from rice is constrained because less than 20 percent of farmland can be irrigated in the dry season.
Moreover, farmers in the state have only limited access to appropriate technology and commercial bank credit, and lack strong links to markets.

**Project Development Objectives:**
To increase the productivity and market access of targeted farmers and community groups.

**Project Components:**
- Investment Grant Scheme -- to address the constraint of lack of capital in farm and rural communities, for productivity enhancing investments. It will focus on private minor irrigation, farm mechanization, and fish production in pond tanks and beels (ox-bow lakes);
- Agricultural Services and Market Chain Development -- to address the constraints of inadequate market-linked technology transfer; limited basic producer organizations with links to markets; and, low productivity livestock resources. It will focus on extension system reforms, upgrading programs for livestock and fish, improved marketing services, formation of milk cooperatives, and, pilots in forestry and sericulture; and
- Infrastructure Development -- to address the constraint of a poor rural road network and inadequate market infrastructure by focusing on upgrading rural roads and market-yards, including the replacement of timber bridges

**Location:**
The districts of Kamrupa, Nagaon, Jorhat, Barpeta, Sonitpur, Hailakand, Nalbari, Dhemaji, Dhubri, Dibrugarh, Karbi-Anglong, Bongaigaon, Cachar, Darrang, Goalpara, Golaghat, Karimganj, Kokrajhar, Lakhimpur, Morigaon, NC Hills, Sivasagar and Tinsukia.

**Status:**
The Project became effective in March 2005, but the implementing agency is actively organizing procurement of the required consultants and the initial batch of road contracts. Staff training programs have been initiated and the first year’s field operations in agriculture, livestock and fisheries sub-sectors, including shallow tubewell irrigation development, have begun.
Bihar, in India, has become a byword for a developmentally-challenged state. Persistent poverty, complex social stratification, unsatisfactory infrastructure and weak governance all contribute to the state’s sliding growth prospects. Almost 40 percent of Bihar’s total population of 83 million – it is India’s third most populous state -- live below the poverty line. Going by current trends, Bihar is likely to fall behind on most MDG targets for 2015. While it has matched all-India progress on some counts (like infant and child mortality and child malnutrition), its low-baseline start has ensured that glaring gaps persist.

- 54.4 percent children below five years of age are malnourished; the all-India figure is 47 percent
- Primary enrolment ratio of 52 percent as against 77 percent for the rest of India
- The state’s infant mortality ratio (IMR) is 72.9 per 1,000 live births as against the India figure of 68
- The maternal mortality rate in Bihar was 451 deaths per 100,000 live births (in 19997) as against 408 deaths in the rest of India
- Only 16.8 percent of Bihar households have access to sanitation as against all-India average of 36 percent
- Only 10.3 percent of the state’s households have electricity as against 55.8 percent in the rest of India.

World Bank Portfolio in Bihar
The Bank’s current portfolio does not include any state-focused project in Bihar. However, two ongoing projects, the US$ 122 million Third District Primary Education Project¹ and the US$ 620 million Lucknow-Muzaffarpur Highway Project² come close to being state-specific projects. Together with the nine multi-state Bank-assisted projects being orchestrated through the Government of India, Bihar’s share in the Bank’s total net commitments in India touches 5 percent (US$ 641 million as of June 2005).

¹ The Third DPEP had been envisaged as a Bihar initiative in 1997 but after the state was bifurcated in 2000, the Project is being shared by Bihar and Jharkhand.
² A little over one-third of the 483-kms of highway being upgraded under the Project falls in the state of Bihar; the rest of the highway runs through the neighbouring state of Uttar Pradesh.
## List of active projects in Bihar as of August 2005 (Amount in US$ M)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US $)</th>
<th>State Share %</th>
<th>Amt (US$ M)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single State Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 DPEP III (Bihar &amp; Jharkhand)</td>
<td>12-Apr-97</td>
<td>30-Sep-05</td>
<td>121.9</td>
<td>67%</td>
<td>81.7</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
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<td></td>
<td></td>
<td>81.7</td>
</tr>
<tr>
<td><strong>National/Multistate Projects</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 AIDS Prevention and Control II</td>
<td>15-Jun-99</td>
<td>31-Mar-06</td>
<td>191</td>
<td>1%</td>
<td>1.8</td>
</tr>
<tr>
<td>3 Grand Trunk Road Improvement</td>
<td>21-Jun-01</td>
<td>31-Dec-06</td>
<td>589</td>
<td>15%</td>
<td>85.4</td>
</tr>
<tr>
<td>4 Immunization Strengthening Project</td>
<td>25-Apr-00</td>
<td>31-Dec-05</td>
<td>226</td>
<td>8%</td>
<td>18.1</td>
</tr>
<tr>
<td>5 Lucknow-Muzaffarpur National Highway</td>
<td>21-Dec-04</td>
<td>30-Jun-10</td>
<td>620</td>
<td>30%</td>
<td>186.0</td>
</tr>
<tr>
<td>6 Malaria Control</td>
<td>06-Dec-97</td>
<td>31-Oct-05</td>
<td>118.3</td>
<td>11%</td>
<td>12.7</td>
</tr>
<tr>
<td>7 National Highways III</td>
<td>06-Aug-00</td>
<td>30-Jun-06</td>
<td>516</td>
<td>33%</td>
<td>170.3</td>
</tr>
<tr>
<td>8 Powergrid II</td>
<td>05-Mar-01</td>
<td>30-Jun-06</td>
<td>450</td>
<td>13%</td>
<td>56.3</td>
</tr>
<tr>
<td>9 Tuberculosis Control</td>
<td>30-Jan-97</td>
<td>30-Sep-05</td>
<td>129.4</td>
<td>5%</td>
<td>6.5</td>
</tr>
<tr>
<td>10 Women &amp; Child Development</td>
<td>29-Jun-98</td>
<td>31-Mar-06</td>
<td>274.9</td>
<td>8%</td>
<td>22.4</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>559.5</td>
</tr>
</tbody>
</table>

**Total value of portfolio in Bihar (US$ M)**: **641.2**

In keeping with the goal articulated in the country strategy for India (2005-08) to engage more actively with the four poorest states of India, the Bank has begun an intensive dialogue on development with the Bihar government. The first product of this engagement is the state assessment report *Bihar: Towards a Development Strategy*. Released in the state capital, Patna, on June 18, 2005, the report seeks to candidly assess Bihar’s development goals and objectives and to sketch out the multi-dimensional development strategy needed to pull this state back from the brink.

Among the other Bihar-centred analytical work being done by the Bank is a just-completed Policy Note on the Financial Management of Centrally-sponsored Schemes and a impending non-lending technical assistance program on Budgets, Financial Management and Procurement. An agricultural policy note is also due out soon. Among the proposed projects is the Bihar Rural Livelihoods Project, which is likely to take shape over 2005-06. A project on the state health systems may also be on the anvil.
Ongoing Bank Projects in Bihar

1. Third District Primary Education Project
Approval Date: 4 December 1997
Closing Date: 30 September 2005
Commitment Amount: US$ 122 million
Percentage Disbursed: 88 percent (As of 30 June 2005)
Sector: Education
Implementing Agency: Bihar Shiksha Pariyojana Parishad, Government of Bihar

Context:
The Project was initiated at a time when 6 million children in Bihar aged 6-10 were out of the primary school system. More, two out of three primary school students entering first grade did not complete the five-year primary school cycle, and that the learning achievement of those completing the primary school was dismally low,

Project Development Objective:
To assist the Government of Bihar build and strengthen capacity at the state, district and sub-district level to ensure that more children, especially from socially disadvantaged groups (female, scheduled caste and scheduled tribe students, working children, children with mild to moderate learning disabilities and other children who have limited access to educational opportunities), complete a five-year primary education cycle of appropriate quality in districts with low levels of literacy.

Project Components:
• Expanding access to primary education, particularly for disadvantaged groups;
• Increasing retention and improving learning achievements in primary school; and
• Improving state and district capacity to manage primary education

Location:
12 districts in Bihar – Bhojpur, Bhagalpur, Chatra, Darbhanga, Gaya, Munger, Muzaffarpur, Purnia, Rohtas, Sitamarhi, Vaishali and West Champaran and five districts in Jharkhand – Dumka, East Singhbhum, West Singhbhum, Hazaribagh and Ranchi.

Status:
Systematic focus on school facilities and the provision of alternative schools has significantly brought down the number of out-of-school students. The Project has crossed its objective of enrolling an additional 400,000 students by getting more than 5.8 million students from both Bihar and Jharkhand to join school. In Bihar alone, some 3.7 million students have been enrolled in government schools and 440,756 in alternative schools. In Jharkhand, close to 1 million students have joined government schools and 350,742 alternative schools.

Retention rates in schools have also increased beyond the targeted 15 percent increase – in Bihar, retention has improved from 29 percent to 45 percent and in Jharkhand from 45
percent to 64 percent. However, Project implementation has been effected in the past by lack of sufficient teachers and Project staff; this issue, however, is now being resolved by the state.

2. Lucknow-Muzaffarpur Highway Project

| Approval Date: | 21 December 2004 |
| Closing Date: | 30 June 2010 |
| Commitment Amount: | US$ 620 million |
| Percentage Disbursed: | nil |
| Sector: | Transport |
| Implementing Agency: | National Highways Authority of India |

**Context:**
This highway stretch passes through some of the poorest districts of the states of Bihar and Uttar Pradesh, and forms a part of the national trunk link to the remote, less developed north-eastern states of India. The upgradation of the road will reduce transport costs, and thus improve the competitiveness of exported goods from the region. In addition to facilitating inter-city travel and transport, proximity to the highway is expected to have a significant positive influence on the socio-economic well being of the rural population in the adjoining areas.

**Project Development Objectives:**
To improve travel for road users between Lucknow and Muzaffarpur.

**Project Components:**
- Highway upgrading -- removing capacity constraints by upgrading 483 km of NH28 to a four-lane divided carriageway standard. Associated environmental management actions will be financed, including the delivery of entitlements under a Resettlement Action Plan to project affected people, and, ancillary activities such as afforestation, monitoring and evaluation, as well as road safety, and HIV awareness programs. Furthermore, construction supervision, by four teams of internationally recruited consultants, will also be financed

**Location:**
483 km stretch between Lucknow in Uttar Pradesh and Muzaffarpur in Bihar on National Highway 28.

**Status:**
The loan agreement for the Project was signed only in September 2005 hence implementation is yet to begin.
**JHARKHAND**

The state of Jharkhand was carved out of southern Bihar in November 2000. It was created as a ‘tribal state’ with tribals making up 28 percent of the state’s population of about 27 million. The state is endowed with tremendous mineral and forest resources. However, in a 2004 survey, the state was ranked 19th out of 20 states (only just ahead of Bihar) based on eight parameters (investment scenario, budget and prosperity, infrastructure, health, education, law and order, agriculture and the size of the consumer market). Law and order in eight of Jharkhand’s 22 districts is classified as being severely effected by extremism and it suffers from poor infrastructure. For instance, only 26 percent of Jharkhand villages are connected by all-weather roads and less than 25 percent have access to electricity. A mere 10 percent of Jharkhand’s potentially arable land is actually irrigated and rural sanitation coverage is 7 percent.

The social and development indicators in the state are also well below the national averages in most areas:

- Literacy rate for males at 59 percent is higher than the national average but female literacy rate is only 32 percent, much lower than the India figure of 54 percent
- The Infant mortality rate (IMR) for Jharkhand is 71 deaths per 1,000 live births, as against 63 for all-India average.
- Malnutrition is 54 percent compared to all-India figure of 47 percent
- Nine out of 10 births take place at home with two-thirds being conducted by untrained traditional birth attendants.
- Forty percent of children between the ages of six and 14 in Jharkhand do not go to school.

**World Bank Portfolio in Jharkhand**

The Bank, currently, has a very small portfolio in the state. The state’s share in the Bank’s total net commitments in India comes to 2 percent (US$ 249 million as of June 2005). There are no state-specific projects under implementation in Jharkhand -- although one on Participatory Forestry Management is under preparation -- but there are 11 multi-state projects that include Jharkhand. The Third District Primary Education Project is a two-state one, concentrated in Bihar and Jharkhand; *for details on it, see Bihar section.*
<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US $)</th>
<th>State Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPEP III (Bihar &amp; Jharkhand)</td>
<td>12-Apr-97</td>
<td>30-Sep-05</td>
<td>121.9</td>
<td>33%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td><strong>40.2</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total value of portfolio in Jharkhand (US$ M)</strong></td>
<td></td>
<td></td>
<td><strong>248.8</strong></td>
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</tr>
<tr>
<td>AIDS Prevention and Control II</td>
<td>15-Jun-99</td>
<td>31-Mar-06</td>
<td>191</td>
<td>1%</td>
</tr>
<tr>
<td>Grand Trunk Road Improvement</td>
<td>21-Jun-01</td>
<td>31-Dec-06</td>
<td>589</td>
<td>15%</td>
</tr>
<tr>
<td>Immunization Strengthening Project</td>
<td>25-Apr-00</td>
<td>31-Dec-05</td>
<td>226</td>
<td>3%</td>
</tr>
<tr>
<td>Malaria Control</td>
<td>06-Dec-97</td>
<td>31-Oct-05</td>
<td>118.3</td>
<td>4%</td>
</tr>
<tr>
<td>National Highways III</td>
<td>06-Aug-00</td>
<td>30-Jun-06</td>
<td>516</td>
<td>10%</td>
</tr>
<tr>
<td>Rural Roads Project</td>
<td>23-Sep-04</td>
<td>31-Mar-10</td>
<td>399.5</td>
<td>11%</td>
</tr>
<tr>
<td>Tech/Engg Quality Improvement</td>
<td>14-Nov-02</td>
<td>30-Jun-08</td>
<td>209.9</td>
<td>2%</td>
</tr>
<tr>
<td>Tuberculosis Control</td>
<td>30-Jan-97</td>
<td>30-Sep-05</td>
<td>129.4</td>
<td>2%</td>
</tr>
<tr>
<td>Women &amp; Child Development</td>
<td>29-Jun-98</td>
<td>31-Mar-06</td>
<td>274.9</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td><strong>208.6</strong></td>
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</tr>
</tbody>
</table>

However, the World Bank’s new country strategy commits the institution to proactively develop a productive development relationship with four states where poverty is increasingly concentrated in India; Jharkhand is one of these four states. Accordingly, the Bank has started work on an economic report for the state and is in an active dialogue with the government of Jharkhand to identify areas for technical and financial assistance.
CHHATTISGARH

Chhattisgarh was carved out of the tribal-dominated areas of the state of Madhya Pradesh. The tribal population of the new state comprises 70 percent of the workforce and lives on the margins of the agrarian economy, serving it with cheap labor and skills. Poverty in Chhattisgarh remains pervasive -- about 43 percent of the state’s people live below the poverty line (BPL); among these, the tribal and scheduled caste populations are the worst off, together amounting to 57 percent of the BPL population. Poverty is particularly acute in the rural areas, where almost half the population has no access to electricity, safe drinking water or sanitation. Rural areas have high levels of migration which worsens in periods of drought.

While gender ratio in Chhattisgarh (990 women for 1,000 men) is second only to Kerala, its other development indicators remain low.

- Literacy was at 64 percent in 2001, almost at par with the all-India average of 65 percent
- Female literacy at 52 percent, as compared to the all-India figure of 54 percent
- Infant mortality at 81 per 1,000 live births is among the highest in India
- More than 61 percent children under three years of age are significantly underweight

World Bank Portfolio in Chhattisgarh

The Bank’s engagement with Chhattisgarh is only just beginning, with only one state-focused rural development project underway. However, the Bank’s new country strategy for India for 2005-08, however, includes a greater focus on the poorest states; this presages a heightened involvement for the Bank with states like Chhattisgarh.

List of active projects in Chhattisgarh as of August 2005 (Amount in US$ M)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US $)</th>
<th>State Share</th>
<th>State Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>%</td>
<td>(US$ M)</td>
</tr>
<tr>
<td><strong>Single State Projects</strong></td>
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<td></td>
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<tr>
<td>1</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Chhattisgarh District Rural Poverty</td>
<td>24-Apr-03</td>
<td>31-Mar-09</td>
<td>92.5</td>
<td>100%</td>
<td>92.5</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
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<td></td>
<td>92.5</td>
</tr>
<tr>
<td><strong>National/Multistate Projects</strong></td>
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<td>2</td>
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</tr>
<tr>
<td>AIDS Prevention and Control II</td>
<td>15-Jun-99</td>
<td>31-Mar-06</td>
<td>191</td>
<td>1%</td>
<td>1.8</td>
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<td>3</td>
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</tr>
<tr>
<td>Hydrology Project II</td>
<td>24-Aug-04</td>
<td>28-Feb-11</td>
<td>105</td>
<td>3%</td>
<td>3.5</td>
</tr>
<tr>
<td>4</td>
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<td></td>
</tr>
<tr>
<td>Immunization Strengthening Project</td>
<td>25-Apr-00</td>
<td>31-Dec-05</td>
<td>226</td>
<td>0%</td>
<td>0.3</td>
</tr>
<tr>
<td>5</td>
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<td></td>
</tr>
<tr>
<td>Malaria Control</td>
<td>06-Dec-97</td>
<td>31-Oct-05</td>
<td>118.3</td>
<td>4%</td>
<td>4.1</td>
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<td>6</td>
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</tr>
<tr>
<td>Women &amp; Child Development</td>
<td>29-Jun-98</td>
<td>31-Mar-06</td>
<td>274.9</td>
<td>4%</td>
<td>11.9</td>
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<tr>
<td>7</td>
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<td></td>
</tr>
<tr>
<td>Tuberculosis Control</td>
<td>30-Jan-97</td>
<td>30-Sep-05</td>
<td>129.4</td>
<td>1%</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
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<td></td>
<td></td>
<td></td>
<td>22.9</td>
</tr>
<tr>
<td><strong>Total value of portfolio in Chhattisgarh (US$ M)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>115.4</td>
</tr>
</tbody>
</table>
Ongoing Bank Projects in Chhattisgarh

1. Chhattisgarh District Rural Poverty Reduction Project
   Approval Date: 24 April 2003
   Closing Date: 31 March 2009
   Commitment Amount: US$ 112.56 million
   Percentage Disbursed: 7.5 percent (As of 30 June 2005)
   Sector: Rural Development
   Implementing Agency: Government of Chhattisgarh

   Context:
   High rural poverty and poor development indices in rural areas point to the need to improve the effective delivery of social and economic services in these parts of Chhattisgarh. There is also a concomitant need to foster more responsive, accountable and inclusive rural institutions through rural decentralization.

   Project Development Objective:
   To improve opportunities for the poor and the vulnerable, especially women and tribals, to meet their own social and economic development objectives.

   Project Components:
   - Component 1 focuses on six main activities: (i) human resource development for project stakeholders to build skills and change behavior through orientation, reward, and performance appraisal, and supply-driven and demand-driven training; (ii) strengthening of panchayats to develop training programs; (iii) formation and strengthening of organizations to recruit and build the capacity of nongovernmental organizations and project facilitation teams; (iv) communication and information to ensure that the Project and its rules are disseminated to all target beneficiaries appropriately; (v) monitoring and learning and special studies to support information gathering; and (vi) Project administration.
   - Component 2 comprises community investments, including matching grants for panchayat plans, village funds that are entirely financed by community contributions and that finance operation and maintenance of village infrastructure, and innovation funds.

   Location/Scope:
   The Project covers about 2,000 villages spread over all 16 districts.

   Status:
   Weak implementation at the start has now brought in renewed focus from the Bank, including monthly supervision visits by Bank staff. Activities are consequently picking up momentum: At the end of April 2005, the formation of Common Interest Groups was well underway and 400 CIGs had set up income-generating projects. Some 800 village development projects had also been launched by various gram panchayats.
GUJARAT

Gujarat is one of the most developed and prosperous states in India and has the fourth highest per capita income (Rs 12,975 in 2001 as against national average of Rs 10,254) in the country. Although the state’s 500 million people comprise less than 5 percent of India’s population, the state contributes 13 percent of the national industrial output.

The state has experienced a rapid rate of growth during the past few decades, and particularly after the introduction of the economic reforms in 1991, when it became one of the leading states in attracting foreign investors. An enterprising population and effective economic policies have brought down poverty levels to 15 percent, making it the third fastest poverty reduction showing among Indian states. Its indicators bear out the state’s economic successes have helped it make considerable gains in different dimensions of human development:

- Literacy was at 69.6 percent in 2001, as against the all-India average of 65 percent
- Female literacy at 58.3 percent, as compared to the all-India figure of 54 percent
- Maternal mortality at 29 deaths per 100,000, is significantly lower than even the south Indian states, to say nothing of the India average of 408
- Infant mortality at 62.6 per 1,000 live births as against the India average of 68 live births
- More than 45 percent children under three years of age are significantly underweight
- Half the children below the age of one in Gujarat have never been immunized

However, despite this success, several distortions in the state’s growth path have resulted in non-equitable growth. For instance, a sustained focus on developing the secondary and tertiary sectors has meant that the agricultural growth has slackened significantly over the years. Since more than 50 per cent of the workforce in the state is still dependent on agriculture, it is important that this sector grows to its potential and growth is hastened to reduce rural poverty; some 64 percent of Gujarat’s poor live in rural areas. The state is also a cradle of regional disparities with the eastern tribal belt and the northern dry belt considerably poorer than the rest of the state. The state needs to make specific interventions to take the benefits of its reform-fuelled growth to the masses.

World Bank Portfolio in Gujarat

The Bank has one investment lending project specific to Gujarat and one emergency credit issued after the Bhuj earthquake of January 2001. The investment lending Project is for improving Gujarat’s state highway network. Gujarat’s total share in the Bank’s total net commitments in India (including the multi-state national level projects being implemented in the state) comes to about 6 percent.
### Overview of Gujarat Portfolio

![Bar chart showing net commitments and commitments in FY for FY01 to FY05.](chart.png)

(*Bank FY – July-June)

### List of active projects in Gujarat as of August 2005 (Amount in US$ M)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US$)</th>
<th>State Share</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single State Projects</strong></td>
<td></td>
<td></td>
<td>Amt (US$ M)</td>
<td></td>
</tr>
<tr>
<td>1. Gujarat Emergency Earthquake</td>
<td>05-Feb-02</td>
<td>31-Oct-05</td>
<td>362.6</td>
<td>100%</td>
</tr>
<tr>
<td>2. Gujarat Highways</td>
<td>09-May-00</td>
<td>31-Dec-05</td>
<td>320.0</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td>682.6</td>
<td></td>
</tr>
<tr>
<td><strong>National/Multistate Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. AIDS Prevention and Control II</td>
<td>15-Jun-99</td>
<td>31-Mar-06</td>
<td>191</td>
<td>8%</td>
</tr>
<tr>
<td>4. Hydrology Project II</td>
<td>24-Aug-04</td>
<td>28-Feb-11</td>
<td>105</td>
<td>4%</td>
</tr>
<tr>
<td>5. Immunization Strengthening Project</td>
<td>25-Apr-00</td>
<td>31-Dec-05</td>
<td>226</td>
<td>5%</td>
</tr>
<tr>
<td>6. Malaria Control</td>
<td>06-Dec-97</td>
<td>31-Oct-05</td>
<td>118.3</td>
<td>14%</td>
</tr>
<tr>
<td>7. Powergrid II</td>
<td>05-Mar-01</td>
<td>30-Jun-06</td>
<td>450</td>
<td>13%</td>
</tr>
<tr>
<td>8. TA for Economic Reform Project</td>
<td>05-Dec-00</td>
<td>31-Dec-05</td>
<td>33</td>
<td>0%</td>
</tr>
<tr>
<td>9. Tech/Engg Quality Improvement</td>
<td>14-Nov-02</td>
<td>30-Jun-08</td>
<td>209.9</td>
<td>6%</td>
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<tr>
<td>10. Tuberculosis Control</td>
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<td>30-Sep-05</td>
<td>129.4</td>
<td>8%</td>
</tr>
<tr>
<td>11. Women &amp; Child Development</td>
<td>29-Jun-98</td>
<td>31-Mar-06</td>
<td>274.9</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td>129.7</td>
<td></td>
</tr>
<tr>
<td><strong>Total value of portfolio in Gujarat (US$ M)</strong></td>
<td></td>
<td></td>
<td>812.3</td>
<td></td>
</tr>
</tbody>
</table>
Ongoing Bank Projects in India

1. Gujarat State Highways Project

   Approval Date:      5 Sept 2000  
   Closing Date:      31 Dec 2005  
   Commitment Amount: US$ 381 million  
   Percentage Disbursed: 54 percent (As of 30 June 2005)  
   Sector:    Transport  
   Implementing Agency: 

   **Context:**

   Gujarat has one of the most developed road networks in India, with 91 percent of it paved. However, most of the recent growth in the length of the state road network has occurred on roads that carry less than 10 percent of traffic. Today, because of high vehicle-ownership growth in Gujarat (14 percent increase per year during the last 15 years), the motor vehicle density per 100 km of paved road is 44 percent above the national average.

   **Project Development Objectives:**

   To build the state government’s capacity for planning and managing road infrastructure effectively, and, in addition, helping maximize the utilization of the existing road infrastructure assets through priority investments and increased maintenance funding.

   **Project Components:**

   - Widening, and strengthening of 800-900 km of high priority state highways
   - Land acquisition, the cost of and compensation for which will be borne will be borne by the state government.
   - Reducing the periodic maintenance backlog of the state by funding rehabilitation works
   - Design and supervision of civil works to be implemented by international consultants
   - Building the institutional capacity of the Roads and Buildings Department as the manager of the state’s road network.
   - Funding techno-economic feasibility and detailed engineering studies

   **Location:**

   Across the state

   **Status:**

   The implementation of the Project remains satisfactory but somewhat behind schedule; this was due to a start affected by the January 2001 earthquake. More than 300 km of state highways have been improved, and over 700 km have come in for intensive maintenance bringing them to a ‘good’ condition, as denoted by an International Roughness Index of less than 4. About 80 of the civil works are likely to be completed by
end-2005, and it is expected that the Project life will be extended to allow the planned works to be finished.

The institutional strengthening of the Roads and Buildings Department has made good progress over the last six months. For instance, the Policy & Planning Unit is being made operational while the establishment of the Gujarat Road Management System is well underway. The quality management systems of the RBD have already been revamped. The next six months will be critical to ensuring the implementation of the remaining activities, including the study on the feasibility of introducing a Road Fund.

2. Gujarat Emergency Earthquake Reconstruction Project
   Approval Date: 2 May 2002
   Closing Date: 31 Oct 2007
   Commitment Amount: US$ 442.8 million
   Percentage Disbursed: 65.5 percent (As of 30 June 2005)
   Sector: ----
   Implementing Agency: Gujarat State Disaster Management Authority

Context:
On January 26, 2001, an earthquake measuring 6.9 on the Richter scale occurred in western India. The epicenter was in Kutch district of Gujarat. The earthquake caused substantial loss of life, injury and damage to property and infrastructure. The official death toll stands at 13,805 and about 167,000 people were injured. About 1.2 million homes were damaged or destroyed. Social services were severely impacted, with destruction or damage to over 2,000 health facilities/buildings and about 12,000 schools. Other infrastructure, including small and medium earthen dams providing drinking water and irrigation to local communities, urban and rural water supply systems, public buildings, municipal infrastructure, roads, power and telecommunications, was also damaged. Thousands of small and cottage-based industries and agricultural assets were also destroyed or damaged. The district of Kutch was by far the most severely damaged, with an average of 70 percent of buildings destroyed. Other seriously affected districts include Ahmedabad, Patan, Jamnagar, Rajkot and Surendranagar.

Project Development Objectives:
To (i) promote sustainable recovery in the disaster-affected areas, and (ii) lay the foundations for sustainable disaster management capacity in Gujarat.

Project Components:
- Permanent housing reconstruction -- Assistance will be provided to repair about 75,000 partially damaged houses and reconstruct about 135,000 fully collapsed houses.
- Public infrastructure reconstruction -- Funding will be provided for (i) repairing, strengthening, rehabilitating, reconstructing and upgrading damaged public buildings, roads and bridges, dams and irrigation infrastructure in the earthquake affected areas, (ii) retrofitting undamaged government administration buildings and critically important public buildings such as schools, hospitals, fire stations,
and preparing detailed engineering documentation for retrofitting key bridges in certain seismic zones; and (iii) constructing buildings and control rooms necessary to foster state emergency management as well as setting up the Gujarat Institute of Disaster Management (GIDM) under Gujarat State Disaster Management Authority (GSDMA), and the Institute for Seismic Research (ISR).

- Community participation -- aims to ensure the participation of earthquake affected communities, especially the most vulnerable groups, in planning, deciding on and implementing the reconstruction program.
- Disaster management – targeting cyclone, flood, earthquake and drought as the main hazards, this component will finance the establishing a professional emergency management program.
- Project management

**Status:**
The rural housing program is almost complete, though the urban housing program, mainly in four devastated towns of Kutch district, will be ready only by June 2007. Procurement for retrofitting public buildings and for goods/equipment for the emergency response centers, the early warning and communication system, and for establishing the GIDM and ISR campuses fell behind schedule due to non-responsive bids and, in some cases, unreasonable prices. The procurement of emergency equipment was slow due to a lack of buildings to house the equipment and also due to inadequate experience with international procurement practices and standards.

Progress on the ground includes 55,298 houses having been repaired and 145,119 reconstructed. Some 3,589 public buildings have been rehabilitated and 1,210 reconstructed. More than 370 km of roads have been strengthened and 128 bridges rehabilitated/reconstructed. Forty small dams have also been strengthened. Needless to say, all these buildings are of disaster-resistant standards. The state government has also initiated a housing insurance program against multi-hazard damages and it is mandatory for houses reconstructed with Project funding to participate in the program.

The Project has made the most headway in improving the state’s capacity to deal with unforeseen disasters. The Gujarat State Disaster Management Authority has been established as per the provisions of the state Disaster Management Act. The government of Gujarat has formulated a comprehensive disaster management policy outlining and has enacted the Gujarat State Disaster Management Act of 2003. The Gujarat State Disaster Management Authority, which was earlier constituted under the Societies Act, has been reconstituted under the same Act. Disaster management plans for all districts and talukas have been prepared and control rooms in each district are fully functional. The GIDM and ISR are also operational.

Local capacity to manage disasters effectively is being addressed through training and international knowledge-sharing. The civil engineering curriculum in the state has been revised to include disaster-resistant design and construction and is now being implemented in all technical universities in Gujarat. Practicing engineers, architects and masons in public and private sectors are being trained. The Project has helped the state
government launch a sustained public awareness campaign about disaster-resistant construction techniques and improved development regulations and building codes.

The Project’s implementing Agency, the GSDMA, has emerged as an entity of excellence in disaster management and mitigation in the region. Disaster management authorities from as far afield as Iran, Afghanistan, Bangladesh and China have been consulting it for guidance in reconstruction and disaster mitigation. And, after the December 26, 2004 tsunami, the GSDMA is being consulted by Sri Lanka and the Indian states of Tamil Nadu, Andhra Pradesh and the union territory of Andaman and Nicobar Islands to set-up institutional arrangements for reconstruction and also to set-up disaster management and mitigation institutions.
KARNATAKA

Karnataka is the eighth most populous state in India with a population of about 52 million, accounting for 5.3 percent of India's total populace. Somewhat at odds with its image as a boom state, Karnataka’s overall economic and social development has been average by Indian standards rather than spectacular. In fact, going by its human development indicators, Karnataka has a long way to go to catch up with the comparator states of Tamil Nadu and Kerala, and, on the issue of population growth, Andhra Pradesh.

- Literacy rate stands at 67 percent in 2001 as against the India average of 65.4 percent.
- Infant mortality rate at 51.5 deaths per 1,000 live births as against the all-India figure of 67.6 per 1,000.
- Only 60 percent of children in the state are immunized.
- In Karnataka, 43.9 percent children below three years of age are underweight, as against 47 percent for the whole country.
- The maternal mortality rate in the state is 195 deaths for every 100,000 live births, as against the national average of 408.

The four strategic development challenges facing Karnataka are:

- to continue as one of India’s fastest growing states.
- to move from an average to a high-performing state as measured by the Human Development Index
- to maintain rapid agricultural growth, while reducing the risks faced by the rural community
- to enable north-east Karnataka to catch up with the rest of the state

World Bank Portfolio in Karnataka

The Bank portfolio in Karnataka has grown rapidly in recent years. There are now five Bank-financed investment projects being implemented in Karnataka (apart from several multi-state projects in which Karnataka is a participant) amounting to a total of US$750 million. Karnataka thus accounts for almost 6 percent of the World Bank’s portfolio in India.

There are three new investment projects for a total of US$ 531 million under preparation in Karnataka – a state health systems project (US$ 131 million, the Karnataka Municipal Reforms Project (US$ 250 million) and Karnataka Panchayat Strengthening Project (US$ 150 million).

In addition to these investment projects, the Bank is supporting the state’s development agenda through the Karnataka Economic Restructuring Program. Two Economic Restructuring Loans/Credits have already been disbursed (US$ 150 million in June 2001 and US$ 100 million in March 2002), and the next tranche is currently under preparation.
<table>
<thead>
<tr>
<th>Project</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Commitment Amount (US$M)</th>
<th>State share %</th>
<th>US$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-state Projects</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Karnataka Urban Water Improvement</td>
<td>8 Apr 2004</td>
<td>31 Dec 2008</td>
<td>39.5</td>
<td>100</td>
<td>39.5</td>
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<td>Karnataka Tank Management</td>
<td>25 Apr 2002</td>
<td>31 Jan 2009</td>
<td>98.9</td>
<td>100</td>
<td>98.9</td>
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<tr>
<td>Second Karnataka Rural Water Supply &amp; Sanitation</td>
<td>18 Dec 2001</td>
<td>31 Dec 2007</td>
<td>151.6</td>
<td>100</td>
<td>151.6</td>
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<tr>
<td>Karnataka Watershed</td>
<td>21 June 2001</td>
<td>31 May 2007</td>
<td>100.4</td>
<td>100</td>
<td>100.4</td>
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<tr>
<td>Karnataka State Highways</td>
<td>24 May 2001</td>
<td>31 Dec 2006</td>
<td>360</td>
<td>100</td>
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<td>Sub-total</td>
<td></td>
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<td>750.4</td>
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<tr>
<td>Multi-state Projects</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Second AIDS Prevention and Control</td>
<td>15 June 1999</td>
<td>31 March 2006</td>
<td>191</td>
<td>8</td>
<td>15.9</td>
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<tr>
<td>Immunization Strengthening</td>
<td>25 Apr 2000</td>
<td>31 Dec 2005</td>
<td>226</td>
<td>5</td>
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<tr>
<td>Rural Women's Development</td>
<td>27 Mar 1997</td>
<td>30 June 2005</td>
<td>12.8</td>
<td>17</td>
<td>2.2</td>
</tr>
<tr>
<td>Tuberculosis Control</td>
<td>30 Jan 1997</td>
<td>30 Sept 2005</td>
<td>129.4</td>
<td>5</td>
<td>6.5</td>
</tr>
<tr>
<td>Women &amp; Child Development</td>
<td>29 June 1998</td>
<td>30 June 2005</td>
<td>300</td>
<td>1</td>
<td>2.9</td>
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<tr>
<td>Sub-total</td>
<td></td>
<td></td>
<td>51.8</td>
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<td></td>
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<tr>
<td>Total Value of Portfolio in Karnataka (US$M) (as of March 2005)</td>
<td></td>
<td></td>
<td>802.2</td>
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</tbody>
</table>
Ongoing Bank Projects in Karnataka

1. Karnataka Urban Water Sector Improvement
   Approval Date: 8 April 2004
   Closing Date: 31 December 2008
   Commitment Amount: US$ 39.5 million
   Percentage disbursed: nil (As of 30 June 2005)
   Sector: Infrastructure
   Implementing agency: Karnataka Urban Infrastructure Development Finance Corporation

Context:
The towns and cities of Karnataka are increasingly faced with inadequate supplies of safe drinking water.

Project Development Objective:
This Project aims to (i) support the Government of Karnataka in reforming its urban water sector, and (ii) to demonstrate that continuous, efficient and sustainable water service provision can be achieved by improving the urban water supply services of three urban local bodies, viz. those of Hubli-Dharwad, Belgaum, and Gulbarga.

Project Components:
- Sector development and technical assistance -- assist the state government in finalizing its policy reform agenda, and carry out initial implementation steps of staged sector reforms; and, to prepare business model for private sector participation in service provision in Karnataka.
- Physical investments in three urban local bodies -- to improve their water supply services and demonstrate the feasibility of continuous safe water supply in pilot areas; and
- Project Implementation Support.

Location:
The Project will work through a pilot centred on the north Karnataka cities of Belgaum, Hubli-Dharwad and Gulbarga – three of the most water-stressed towns in the region – the Project will aim to show the feasibility of continuous and sustainable water service delivery to some 200,000 people in the three municipalities.

Status:
The Project was made effective in May 2005 and implementation is only just beginning.
2. Karnataka Community-based Tank management

Approval Date: 25 April 2002
Closing Date: 31 January 2009
Commitment Amount: US$ 98.9 million
Percentage Disbursed: 26 percent (As of 30 June 2005)
Sector: Rural Development
Implementing agency: Jal Samvardhane Yojana Sangha and the Minor Irrigation Section of the Department of Water Resources, Government of Karnataka

Context:
Poor management has greatly diminished the ability of the system of small man-made reservoirs or tanks that rural communities in Karnataka have traditionally depended upon for household and farming use.

Project Development Objective:
To improve rural livelihoods and reduce poverty by developing and strengthening community-based approaches to improving and managing selected tank systems.

Project Components:
- Establishing an enabling environment for the sustainable, decentralized management of tank systems;
- Strengthening community-based institutions to assume responsibility for tank system development and management; and
- Undertaking tank system improvements – this component is further sub-divided into: (i) improving the operational performance of selected tank systems through a menu of physical interventions identified and executed by local users and (ii) facilitating technical training and on-farm demonstrations in water management, agriculture, and horticulture development, fisheries, forestry, and fodder production to help ensure that improved water storage and efficiency is translated into increased household incomes.

Location:
Some 2,000 existing tank systems in poor rain-fed areas of Karnataka will be revitalized. About 1.5 million people are likely to benefit from this Project.

Status:
Some 655 community-based tanks development groups have been formed with meaningful participation from women and other traditionally marginalized groups. Of these, 553 are in the process of planning or implementing tank rehabilitation, while 102 have already completed the task. A tangible, positive impact of community involvement in the planning and supervision of tank works is that average construction unit costs are significantly below the estimates traditionally used by PWD.

Recent innovations include fisheries activities being taken up by landless families from the community in tanks where this is feasible; and the fact that panchayats are becoming
increasingly involved in the planning of tank development activities in their areas.

It is too early to see changes in command area farming practices, but there has been considerable farmer interest in new technologies such as the Madagascar rice production system (with its potential for using 40 percent less irrigation).

3. Second Karnataka Rural Water Supply and Sanitation Project

Approval Date: 18 December 2001
Closing Date: 31 December 2007
Commitment Amount: US$ 151.6 million
Percentage disbursed: 24.8 percent (As of 30 June 2005)
Sector: Water and Sanitation
Implementing Agency: Karnataka Rural Water Supply and Sanitation Agency, Government of Karnataka

Context:
Although the state has achieved significant success in providing the basic minimum service level of drinking water (40 lpcd) to most of its rural population, it has yet to achieve operational and financial sustainability of water service.

Project Development Objective:
To assist the Government of Karnataka (i) increase rural communities’ access to improved and sustainable drinking water and sanitation services; and (ii) institutionalize the decentralization of Rural Water Supply and Sanitation (RWSS) service delivery to gram panchayats (village governments) and user groups.

Project Components:
• Community development and infrastructure -- support for sub-components such as community development, women development programs, water supply schemes, groundwater recharge measures, household sanitation, community sanitation, and indigenous peoples development program.
• Institution building -- finance for project management, sanitation and hygiene promotion, capacity building, and strengthening gram panchayats
• Sector strengthening programs – technical assistance for strengthening rural water supply and sanitation sector policy and management.

Location:
The eleven rain-fed and mostly arid districts of northern Karnataka: Bidar, Gulbarga, Raichur, Bijapur, Bagalkot, Koppal, Gadag, Haveri, Belgaum, Dharwad and Uttara Kannada. The Project will directly benefit about four million people as well and will specifically cater to the special needs of about 200,000 people in tribal communities.

Status:
Some 1,600 water supply schemes spread across 380 gram panchayats are underway; of these 350 are already functioning and construction is in an advanced stage in the remaining habitations. The final batch of water supply schemes in some 900 habitations
has also been identified. A separate batch of multi-village water supply schemes (covering 200 habitations in some 80 gram panchayats) is also ready for construction.

The progress in implementing environmental sanitation has been slower and currently only 30 percent of planned works have been completed. The lag here is chiefly due to the inability of a significant part of the villages to contribute their share of capital costs. Currently, some 55,000 latrines and 42,000 smokeless chulhas or earthen hearths are in use. The Project’s sustainability has been strengthened by the state government’s decision to give all grants for water supply scheme construction directly to gram panchayats.

4. Karnataka Watershed Development Project

Approval Date: 21 June 2001
Closing Date: 31 March 2007
Commitment Amount: US$ 100.4 million
Percentage disbursed: 26.9 percent (As of 30 June 2005)
Sector: Rural Development
Implementing agency: Department of Watershed Development, Government of Karnataka

Context:
Ten of Karnataka’s 25 districts are rainfed and rural poverty in these districts is significantly higher (40 percent compared to 30 percent) than in other districts. Improved watershed management has helped communities in rain-fed areas of other Indian states to improve agricultural productivity and income, and to establish sustainable access to water for agriculture, drinking and other daily needs.

Project Development Objective:
To improve the productive potential of selected watersheds and their associated natural resource base, and strengthen community and institutional arrangements for natural resource management.

Project Components:
- Participatory watershed development and protection – it will finance social mobilization and institution building activities to facilitate planning and investment activities by local communities. Physical treatment of sub-watersheds will also be implemented, based on selections by the community but within acceptable technical approaches.
- Participatory farmer-driven research and extension processes -- will include farm demonstrations and farmer training to introduce improved practices for agriculture and horticulture.
- Support for beneficiary groups – aimed at additional income generation
- Institutional strengthening -- will comprise (i) monitoring and evaluation, including additional environmental and social assessments and the development of a geographic information system database; and, (ii) project management and coordination
**Location:**
The Project will work in six of the state’s 10 rainfed districts: Gadag, Dharwad, Haveri, Chitradurga, Tumkur and Kolar. An estimated 1.8 million of Karnataka's poor -- primarily small landholders and some landless people – are expected to benefit directly from the Project.

**Status:**
After a slow start – exacerbated by persistent drought for three years which greatly limited field investments – the Project is now picking up momentum. Over 101,061 ha of land have been treated for soil and water conservation, which is just under half the area targeted under the Project. Over 6,726 self-help groups have been set up to lead the initiatives. Over 14,758 identified villagers have been trained in a range of livelihood activities; approximately 75 percent of them have opted for livestock-related enterprises.

The state government is considering handing over watershed management (as well as a whole range of other rural development programs) to local authorities. The Bank fully supports this proposal.

5. **Karnataka State Highways Improvement Project**

<table>
<thead>
<tr>
<th>Approval Date:</th>
<th>24 May 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Date:</td>
<td>31 December 2006</td>
</tr>
<tr>
<td>Commitment Amount US$:</td>
<td>US$ 360 million</td>
</tr>
<tr>
<td>Percentage disbursed:</td>
<td>48.5 percent (As of 30 June 2005)</td>
</tr>
<tr>
<td>Sector:</td>
<td>Transport</td>
</tr>
<tr>
<td>Implementing agency:</td>
<td>Public Works’ Department, Government of Karnataka</td>
</tr>
</tbody>
</table>

**Context:**
The road network in Karnataka was quite insufficient to meet the traffic demands of a growing and liberalizing economy. While traffic volume on the 10,000 km-state highways more than doubled in the 1990s to about 7,000-10,000 vehicles per day, about 70 percent of the roads remained single-laned and only 7 percent double-laned.

**Project Development Objective:**
To improve the quality and capacity of the core state highway network as a means of spurring economic activity.

**Project Components:**
- Upgrading and widening about 1,000 km of priority state roads;
- Rehabilitating about 1,300 km of state roads;
- Supporting the implementation of the Institutional Development Action Plan for the Public Works Department
- Supporting a pilot safety program.

**Location:**
Across the state.
**Status:**
Having got over its slow start, the Project is starting to show progress. Of the 900 km slated for upgrading, about 400 km are ready and open for traffic. Similarly, of the 1,480 km due for rehabilitation, some 600 km are also open to traffic. On the whole, the Project is about 98 percent contractually committed, with two works packages of about 15 km length and a few smaller goods and services still to be procured.

The management of social safeguards and other related pre-construction activities is slightly behind schedule, but the Bank and the local authorities are working on raising the momentum.
Kerala, one of the most densely populated states of India, is a trailblazer in social development. It is perhaps one of the most egalitarian societies in India, due in large part to widespread land reforms and social security measures taken by left-leaning parties that have long dominated the political scene here. The state has the highest literacy levels and the highest sex ration in the country. Minimum wages in agriculture as well as industry, improvements in housing and sanitation, increased access to electricity and drinking water have all contributed to improving the quality of life in the state. On the gender equity front, Kerala women are among the most emancipated in India – their literacy levels are almost at par with that of the state’s men, they marry late and have low fertility rates, and employment for them is the norm.

Its human development indicators are among the best in the country:
- Kerala leads the country on literacy with over 90.9 percent of its people literate, as against 65 percent for the whole of India
- Female literacy is correspondingly high at 87.9 percent as against the national average of 54 percent
- Infant mortality in the state is at 16.3 deaths per 1,000 live births as against the all-India figure of 67.6 deaths
- Maternal mortality is at 195 deaths per 100,000 live births as against the India average of 408 deaths.
- But one-fourth of children under 12 months of age are still underweight.

However, the financial burden of maintaining such impressive levels of social welfare are now resulting in serious financial problems for the state. For the state has a fragile economic base due largely to the absence of a significant industrial sector. Unemployment is rampant and the economy is dependent in large part on remittances from the Gulf.

World Bank Portfolio in Kerala

The Banks currently has two active projects in the state, one focusing on improving rural water supply and sanitation in four northern districts and the other to help the state improve the quality of its road network. Besides these two state-level projects, Kerala is also receiving Bank assistance to rebuild some of its infrastructure destroyed in the December 2004 tsunami. Its share in the Bank’s total commitments in India comes to 2 percent.
### Overview of Kerala Portfolio

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US $)</th>
<th>State Share</th>
<th>Total Amt Disb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerala Rural Water Supply</td>
<td>11-Jul-00</td>
<td>31-Dec-06</td>
<td>55.5</td>
<td>97%</td>
<td>53.8</td>
</tr>
</tbody>
</table>
| Kerala State Transport                 | 14-Mar-02     | 31-Dec-07    | 255        | 100%        | 255.0         | 85.9

**Sub-Total**

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US $)</th>
<th>State Share</th>
<th>Total Amt Disb</th>
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</thead>
<tbody>
<tr>
<td>AIDS Prevention and Control II</td>
<td>15-Jun-99</td>
<td>31-Mar-06</td>
<td>191</td>
<td>8%</td>
<td>15.9</td>
</tr>
</tbody>
</table>
| Hydrology Project II                   | 24-Aug-04     | 28-Feb-11    | 105        | 3%          | 3.7           | 0%
| Immunization Strengthening Project     | 25-Apr-00     | 31-Dec-05    | 226        | 3%          | 6.8           | 102%
| Tech/Engg Quality Improvement          | 14-Nov-02     | 30-Jun-08    | 209.9      | 4%          | 8.4           | 10%
| Tuberculosis Control                   | 30-Jan-97     | 30-Sep-05    | 129.4      | 5%          | 6.5           | 82%
| Women & Child Development              | 29-Jun-98     | 31-Mar-06    | 274.9      | 8%          | 23.2          | 85%

**Sub-Total**

| Total value of portfolio in Kerala as of August 2005 (US$ M) | 373.3 | 885.7 |
Ongoing Bank Projects in Kerala

1. Kerala State Transport
   Approval Date: 14 March 2002
   Closing Date: 31 December 2007
   Commitment Amount: US$ 255 million
   Percentage Disbursed: 32.1 percent (As of 30 June 2005)
   Sector: Transport
   Implementing Agency: Public Works’ Department, Government of Kerala

Context:
Kerala has the highest road accident rate among Indian states. This is largely due to the inadequate condition of its state road network, around 70 percent of which is still single-lane. The congested road network is quite inadequate when it comes to serving the growing traffic -- since 1990, registered motor vehicles have gone up by 13 percent every year. Poor maintenance standards have marred the road surface quality, resulting in excessive wear and tear on vehicles and contributing to high transport operating costs.

Project Development Objectives:
To improve traffic flow and road safety on Kerala’s primary road network, and to strengthen the institutional and financial capacity of its key transport sector agencies.

Location/Scope:
The Project will rehabilitate or expand an estimated 1,600 km of roads passing through 14 districts.

Project Components:
- Transport corridor improvement – this component covers not just the upgrading of roads but also includes rehabilitating the inland waterways feeder canals that crisscross this coastal state so as to relieve pressure on the road network
- Periodic maintenance -- of state highways and major district roads
- Road safety improvement, -- implemented through small contracts
- Institutional development and technical assistance -- to implement the institutional strengthening action plan.

Status:
The upgradation of roads has been very slow due to delayed mobilization by the contractors, inadequate contractor capacity, poor cash flow, continuing delays in availability of encumbrance-free work sites and ineffective project management by PWD and the supervision consultants. There may be a need for re-structuring of this part of the loan by reducing the length of some of upgradation contracts or by converting some of the proposed contracts into periodic road maintenance contracts. The maintenance component is faring better with about 500 km of the planned 900 km having come in for maintenance works. It is doubtful if the inland waterways contract can be completed by
the loan closing date. The state government needs to consider contract termination and re-
structuring to revive this contract.

Substantial progress has, however, been achieved in the Road Safety Action Plan study,
as well as the setting up of the Geographical Information System and the Road
Maintenance Management System, which should lead to improved road safety
management, asset management and road maintenance planning capabilities.

2. Kerala Rural Water Supply and Environmental Sanitation Project

Approval Date: 7 November 2000
Closing Date: 31 December 2006
Commitment Amount: US$ 65.5 million
Percentage Disbursed: 51.8 percent (As of 30 June 2005)
Sector: Rural Development
Implementing Agency: Kerala Rural Water Supply and Sanitation Agency,
Government of Kerala

Context:
Despite the high rainfall (annually 3,000 mm), many Kerala rivers run dry in summer,
resulting in drought conditions in several districts. In addition, most drinking water wells
dry up during three to four summer months, and during this time women have to fetch
water from long distances. The Bank sought to pilot a new approach to rural water supply
by taking the demand-driven, community-centred approach to the delivery of water
services forged under the Swajal Project in Uttaranchal to the next plane. It sought to
incorporate panchayati raj institutions into management of water supply services. And as
Kerala had made considerable progress towards effective decentralization, it seemed the
fitting crucible for this sector reform. The Project accordingly sought to empower
villagers from some 80 gram parishads to design, build, operate and maintain their own
water supply and sanitation schemes.

Project Development Objectives:
to (i) demonstrate the viability of cost recovery and institutional reforms by developing,
testing and implementing the new decentralized service delivery model on a pilot basis;
and (ii) build the state’s capacity in improved sector management in order to scale up the
new decentralized service delivery model statewide.

Project Components:
- Improving the operations of the Kerala Rural Water Supply and Sanitation
  Agency
- Supporting community development and infrastructure-building, ensuring
  mobilization, and women's participation for community-managed water supply
  systems;
- Providing technical assistance for comprehensive statewide planning,
  development and management aspects; and,
- Providing technical assistance to the Central government to foster sector reforms
**Location/Scale:**
Centred on four of Kerala’s poorest districts along the Malabar coast: Kozhikode, Mallapuram, Palakkad, and Thrissur.

**Status:**
Some 1,050 water supply schemes have been completed benefiting some 46,000 households. Of these, over 60 percent of the beneficiary families belong to below poverty line households and 2,500 are tribal families. In ninety percent of the scheme, user groups have begun fully financing and managing operations and maintenance within a year. Another 1,400 schemes are under different stages of planning and implementation currently.

The sanitation aspect is showing a similarly satisfactory trend -- the coverage of household latrines for below poverty line households has increased from 35,000 households to 39,000 households and some 13,500 single deep-pit latrines have been converted to sanitary latrines. Several of the Project gram parishads have achieved near 100 percent household latrine coverage.

The results on the ground have been so salutary that the state government has begun piloting the Project approach in the remaining districts of Kerala to prepare for an eventual statewide scaling up of this demand responsive and decentralized service delivery approach.
Maharashtra, located in the western coast of India, is the second largest state in the country in terms of both area and population (about 97 million in 2001). It is the most industrialized state in India, contributing more than 18 percent of industrial output and 14 percent of India’s GDP. With per capita income of $616 in 1999-2000, it is the second richest state in the country. It also has a large pool of literate and skilled labor force, good investment climate, superior infrastructure facilities, and well-developed financial systems.

The rapid growth rate and a number of successful anti-poverty programs have led to a significant decline in poverty rates during the last two decades. In 1999-2000, 28 percent of its people were below the poverty line.

In terms of major social indicators, Maharashtra ranks second behind Kerala and is well set to achieve the Millennium Development Goals.

- In 2001, Maharashtra had a literacy rate of 77 percent
- Infant mortality rate in 1999 was 48 per 1000 of live births, as against the India average of 67.4.
- The state has virtually achieved universal enrollment of children in primary education.

Maharashtra’s progress notwithstanding, it faces a number of major challenges today, including a downward trend in the GSDP growth rate since the mid-1980s – falling from a high of 7.3 percent during the last 15 years to about 4 percent in 2002-03. There has also been a significant decline in the approval of Foreign Direct Investment (FDI) to the state. And though Maharashtra remains the most preferred FDI destination in India, its share of FDI approval in India has fallen from 24 percent during the first half of 1990s to 15 percent during the latter half of 1990s.

Historically, Maharashtra has been one of the better-managed states in India. But its fiscal situation deteriorated sharply in the second half of the 1990s and has continued to decline. The key drain on the state’s finances remain substantial in the form of (i) power sector subsidies; (ii) debt servicing (on budget as well as off budget liabilities); (iii) operating the cotton monopoly procurement scheme; (iv) rampant growth in grants-in-aid (GIA) institutions, particularly in education and the growing salary burden; and (v) direct & indirect support to sugar co-operatives.

Hence, when compared to other Indian states with comparable per-capita income, Maharashtra continues to have a disproportionately higher poverty rate. These two factors -- high poverty rates along side high per capita income levels – are also an index of relatively high levels of inequality in Maharashtra as compared to most other Indian states.
There are four investment loans underway in Maharashtra with a total Bank assistance of US$ 1,147 million. Together with eight multi-state, national level projects being implemented in the state these take Maharashtra’s total share in the Bank’s commitments in India to about 10 percent, making it the second largest recipient of Bank assistance in the country.

In June 2002, a Bank team completed an analytical research work on the state’s finances (Maharashtra: Reorienting Government Budget to Facilitate Growth and Reduce Poverty) and this was discussed in July 2002 and disseminated at four workshops in October 2002.

List of active projects in Maharashtra as of August 2005 (Amount in US$ M)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US$)</th>
<th>State Share</th>
<th>Amt (US$ M)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single State Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Maharashtra Health Systems</td>
<td>12-Aug-98</td>
<td>30-Nov-05</td>
<td>99</td>
<td>100%</td>
<td>99.0</td>
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<tr>
<td>2 Maharashtra Rural Water Supply</td>
<td>26-Aug-03</td>
<td>30-Sep-09</td>
<td>181</td>
<td>100%</td>
<td>181.0</td>
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<tr>
<td>3 Maharashtra Water Sector</td>
<td>23-Jun-05</td>
<td>31-Mar-12</td>
<td>325</td>
<td>100%</td>
<td>325.0</td>
</tr>
<tr>
<td>4 Mumbai Urban Transport II</td>
<td>18-Jun-02</td>
<td>30-Jun-08</td>
<td>542</td>
<td>100%</td>
<td>542.0</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td></td>
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<td>1,147.0</td>
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<tr>
<td><strong>National/Multistate Projects</strong></td>
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<tr>
<td>5 AIDS Prevention and Control II</td>
<td>15-Jun-99</td>
<td>31-Mar-06</td>
<td>191</td>
<td>8%</td>
<td>15.9</td>
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<td>6 Hydrology Project II</td>
<td>24-Aug-04</td>
<td>28-Feb-11</td>
<td>105</td>
<td>4%</td>
<td>4.6</td>
</tr>
<tr>
<td>7 Immunization Strengthening</td>
<td>25-Apr-</td>
<td>31-Dec-</td>
<td>226</td>
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</tr>
<tr>
<td>Project</td>
<td>00</td>
<td>05</td>
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<td></td>
</tr>
<tr>
<td>8 Malaria Control</td>
<td>06-Dec-97</td>
<td>31-Oct-05</td>
<td>118.3</td>
<td>14%</td>
<td>16.9</td>
</tr>
<tr>
<td>9 Powergrid II</td>
<td>05-Mar-01</td>
<td>30-Jun-06</td>
<td>450</td>
<td>13%</td>
<td>56.3</td>
</tr>
<tr>
<td>10 Tech/Engg Quality Improvement</td>
<td>14-Nov-02</td>
<td>30-Jun-08</td>
<td>209.9</td>
<td>11%</td>
<td>22.9</td>
</tr>
<tr>
<td>11 Tuberculosis Control</td>
<td>30-Jan-97</td>
<td>30-Sep-05</td>
<td>129.4</td>
<td>7%</td>
<td>9.1</td>
</tr>
<tr>
<td>12 Women &amp; Child Development</td>
<td>29-Jun-98</td>
<td>31-Mar-06</td>
<td>274.9</td>
<td>14%</td>
<td>39.2</td>
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<tr>
<td>Sub-Total</td>
<td></td>
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<td>185.0</td>
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<tr>
<td>Total value of portfolio in Maharashtra (US$ M)</td>
<td></td>
<td></td>
<td>1,332.0</td>
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</table>

**Ongoing Projects in Maharashtra**

1. **Maharashtra Water Sector Improvement Project**
   Approval Date: 23 June 2005
   Closing Date: 30 September 2011
   Commitment Amount: US$ 325 million
   Percentage Disbursed: nil
   Sector: Rural Development
   Implementing Agency: Water Resources Department, Government of Maharashtra

**Context:**
The Government of Maharashtra is one of the first states in the country to implement reforms in the irrigation sector. Among the state government’s initiatives are the unbundling of resource management functions from the Irrigation Department, finalizing its State Water Policy, and the transfer of systems management to water user associations. This Project is aimed at supporting the implementation of this reform agenda.

**Project Development Objectives:**
To (i) strengthen the state’s capacity for multi-sectoral planning, development, and sustainable management of the water resources; and (ii) improve irrigation service delivery on a sustainable basis to increase productivity of irrigated agriculture and contribute to rural poverty reduction.

**Project Components:**
- Water Sector Institutional Restructuring and Capacity Building – it will strengthen the state’s capacity for multi-sectoral planning, development, and management of state’s water resources on a river basin basis.
- Improving Irrigation Service Delivery and Management - This component will improve irrigation system performance and quality of irrigation service to farmers, promote effective participation of water user’s associations in management of irrigation schemes, increase cost recovery, pilot the
implementation of water entitlements, and raise the level of agricultural support services delivery. It will also rehabilitate and modernize 286 selected irrigation schemes covering about 670,000 hectares of cultivable command area, enhance the safety of 291 dams, help in capacity building of water users associations, improve water management practices and instruments, strengthen agriculture support services, and implement a social and environmental management plan.

- Innovative Pilots -- to promote user-centered, aquifer level groundwater management, and other pilots for innovative irrigated agriculture.

**Location:**
Across the state

**Status:**
Implementation has yet to begin.

2. Maharashtra Rural Water Supply and Sanitation ‘Jalswarajya’ Project

| Approval Date: | 26 August 2003 |
| Closing Date:  | 30 September 2009 |
| Commitment Amount: | US$ 181 million |
| Percentage disbursed: | 6.2 percent (As of 30 June 2005) |
| Sector: | Infrastructure |
| Implementing agency: | Water Supply and Sanitation Department, Government of Maharashtra |

**Context:**
Maharashtra is the first Indian state to go in for state-wide reforms in the rural water supply and sanitation (RWSS) sector and the state government asked for the Bank’s financial and technical assistance in operationalizing reforms.

**Project Development Objectives:**
To (i) increase rural households’ access to improved and sustainable drinking water supply and sanitation services; and (ii) institutionalize decentralization of RWSS service delivery to rural local governments and communities.

**Project Components:**
- Community Development & Infrastructure Building – this component comprises the following sub-components: (i) community development; (ii) community infrastructure; and (iii) tribal development program.
- Institutional strengthening -- this component consists of the following sub-components: (i) capacity building; (ii) IEC including sanitation and hygiene promotion; (iii) monitoring and learning; and (iv) project management
- Sector Development and Strengthening – with two sub-components: (i) knowledge management for policy support, (ii) water quality monitoring
- Piloting New Initiatives -- will support implementation of three pilots
**Location:**
The Project will directly benefit about 2,800 *gram panchayats* (village councils) covering approximately seven million people in 26 districts. It is also expected to directly benefit 0.5 million tribal people in 1,700 tribal settlements, through the Tribal Development Plan.

**Status:**
Since the launch in February 2004, the Project has taken off smoothly in the first batch of 500 villages. The capacity-building for village communities is underway, with 90 percent of these villages having appointed their support organizations (NGOs). An initial slight lag in disbursement is due to the fact that the focus of Project activities has shifted from construction to ensuring sustainability of water and on sanitation activities. Consequently, this has meant lower disbursements as the communities have not demanded funds for construction of schemes but for low-cost activities like water-recharging and generating awareness on sanitation.

The client has done a thorough review of the Project disbursements and scope, and has suggested that the scale of the Project be increased to cover 4,000 *gram panchayats*.

3. Mumbai Urban Transport Project

**Approval Date:** 18 June 2002  
**Closing Date:** 30 June 2008  
**Commitment Amount:** US$ 542 million  
**Percentage Disbursed:** 18.8 percent (As of 30 June 2005)  
**Sector:** Transport  
**Implementing Agency:** Mumbai Metropolitan Region Development Authority

**Context:**
Public transport plays a dominant role in the Mumbai Metropolitan Region (MMR), one of the world’s largest and most crowded urban areas in the world -- 14 million people live in 1,467 sq kms here. Two suburban rail services and three urban arterial roads are the backbones of MMR's transport system. The suburban rail services carry over six million passengers per day; buses carry over 4.5 million passengers per day, 60 percent of whom transfer to rail. Despite its crucial role, public transportation in Mumbai faces formidable problems.

**Project Development Objective:**
To facilitate urban economic growth and improve quality of life by fostering the development of an efficient and sustainable urban transport system including effective institutions in the MMR.

**Project Components:**
- Improving the capacity and performance of the suburban rail system through service efficiency improvements, procurement of new rolling stock and upgrading existing rolling stock, and expanding network capacity. The component also
supports studies and technical assistance to improve the maintenance and control systems, and the railway safety and quality assurance systems.

- Improving the capacity, efficiency, and safety of the road network with better facilities for pedestrians, improvements to the operating efficiency and quality of bus services, and reductions in motor vehicle emission levels. It also strengthens the capacity of the responsible agencies to plan, deliver, maintain, and operate road-based urban transport infrastructure and services.
- Enabling the government to undertake timely implementation of the Resettlement Action Plan and resettle project-affected persons.

**Location:**
The Mumbai Metropolitan Region

**Status:**
Implementation is progressing, albeit slowly. The procurement process for EMU rail rolling stock to reduce peak-hour overcrowding had to be re-bid due to a high price being quoted. The second round of bids is being evaluated. Progress of works on the two road packages – the Jogeshwari Vikhroli Link Road and the Santa Cruz-Chembur Link Road - is slower than planned.

This Project has a comprehensive rehabilitation and resettlement component for persons affected by the Project; it is, in fact, one of the largest such safeguard package for any World Bank urban project globally. The Bank’s rigorous assessment had estimated that 19,228 households would be affected by the Project; of these most were squatters and only 109 households owned the land they lived on. The resettlement component of the Project ensures that all these affected households will be relocated to a dwelling unit of minimum of 225 square feet at an alternate site, and will hold title over it.

Of these, about 13,000 families are already living in permanent houses with access to individual tap water and toilets. The construction work on houses for the remaining families is in full swing the remaining households are expected to be resettled soon.

Some groups of affected persons along the Santa Cruz-Chembur Link Road have protested that their livelihoods will be adversely hit by resettlement; the matter is currently before the independent Inspection Panel.

4. Maharashtra Health Systems Development Project

- **Approval Date:** 8 December 1998
- **Closing Date:** 31 November 2005
- **Commitment Amount:** US$ 134 million
- **Percentage Disbursed:** 95.3 percent (As of 30 June 2005)
- **Sector:** Health
- **Implementing Agency:** Department of Health and Family Welfare, Government of Maharashtra
**Context:**
The healthcare delivery system in Maharashtra, as in most other Indian states, suffers from several institutional problems.

**Project Development Objective:**
To help the government of Maharashtra (i) improve efficiency in the allocation and use of health resources through policy and institutional development; and (ii) improve the performance of the healthcare system by systematically improving the quality, effectiveness and coverage of health services at the first referral level and selective coverage at the community level.

**Project Components:**
- Management development and institutional strengthening – to help improve the institutional framework for policy development; strengthen the management and implementation capacity at the state, divisional, district, and facility levels; develop surveillance capacity for major communicable diseases; and strengthen the health management information system.
- Improving service quality and effectiveness -- at district and sub-divisional hospitals
- Improving access and innovative schemes -- this component will (i) renovate/extend and upgrade clinical effectiveness at 35 community health centers and enhance their outreach functions; (ii) improve the referral mechanisms; (iii) promote health services in tribal areas and for disadvantaged groups; and (iv) develop a superspeciality hospital as an innovative scheme for closer cooperation between the public and private sectors.

**Location:**
Across the state, including the 19 districts that have a heavy concentration of tribal population.

**Status:**
Implementation in the Project has not been uniformly effective and the Bank is working closely with the state government to help the management improve Project outcomes and outputs. The expenditure of drugs per bed per year has increased from Rs. 8800/bed/year at baseline to Rs 9455/bed /year and user charges have also been implemented in all the Project facilities.

The Project focused on reaching basic healthcare to women and members of the scheduled tribes (STs) in particular. The admission of high-risk pregnancies has increased by 12 percentage points over the baseline, while access to women at the Project facilities has also increased from 30 percent at baseline to 43-58 percent currently. The percentage of the STs accessing healthcare facilities, however, remains low. Patient satisfaction surveys conducted about a year ago show that satisfaction among in-patients and out-patients has increased from 68 percent and 62 percent respectively before the Project to 85 percent and 75 percent respectively in 2002, indicating a substantial positive perception among those who use these facilities.
MADHYA PRADESH

The central Indian state of Madhya Pradesh has a population of 60 million, an estimated 44 percent of which lives below the poverty line. More than one-third of its population belongs to the socially and economically disadvantaged scheduled tribes (20 percent) and scheduled castes (15 percent); this is one of the highest concentrations of SCs and STs in India. The proportion of poor is substantially higher among the tribal population.

Agriculture accounts for 35 percent of the state GDP and 80 percent of employment. Although Madhya Pradesh has diversified its cropping systems substantially, there remains scope for intensification and further diversification to horticulture and other high value crops. For this, however, irrigation is critical, and currently only about one-third of the sown area has irrigation facilities.

With poverty reduction and sustainable economic growth as its primary objectives, the government of Madhya Pradesh had embarked on policy reforms that encompass fiscal management, governance, and decentralization. Although the state has made some advances on devolution and rural empowerment, there is a need for significant improvements in critical infrastructure facilities (roads, power, irrigation systems) as well as in the delivery of social services. This would help alleviate important constraints to the economic and social development of the state and help its catch up with the development indicators of other Indian states.

As of now, its human development indices lag behind the all India levels:

- The maternal mortality rate in Madhya Pradesh is 498 per 1,000 live births as against the all-India average of 408.
- The state’s infant mortality rate in stands at 86.1 deaths per 100,000 live births (between 1998-99) as against the India average of 67.6 deaths.
- Some 55.6 percent of children in the state are underweight, while the corresponding India figure stands at 47 percent.
- In Madhya Pradesh, female literacy is at 50 percent, as against the India average of 54.3 percent.

World Bank Portfolio in Madhya Pradesh

With two single-state projects and some eight national level projects being implemented in the state, Madhya Pradesh’s share in the Bank’s total net commitments in India comes to 5 percent.
### List of active projects in MP as of August 2005 (Amount in US$ M)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US$)</th>
<th>State Share</th>
<th>Amt (US$ M)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single State Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. MP District Poverty Initiatives Project</td>
<td>11-Jul-00</td>
<td>30-Jun-06</td>
<td>90</td>
<td>100%</td>
<td>90.0</td>
</tr>
<tr>
<td>2. MP Water Sector Restructuring</td>
<td>09-Jul-04</td>
<td>31-Mar-11</td>
<td>394</td>
<td>100%</td>
<td>394.0</td>
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<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>484.0</td>
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<tr>
<td><strong>National/Multistate Projects</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. AIDS Prevention and Control II</td>
<td>15-Jun-99</td>
<td>31-Mar-06</td>
<td>191</td>
<td>1%</td>
<td>1.8</td>
</tr>
<tr>
<td>4. Hydrology Project II</td>
<td>24-Aug-04</td>
<td>28-Feb-11</td>
<td>105</td>
<td>4%</td>
<td>4.0</td>
</tr>
<tr>
<td>5. Immunization Strengthening Project</td>
<td>25-Apr-00</td>
<td>31-Dec-05</td>
<td>226</td>
<td>6%</td>
<td>13.6</td>
</tr>
<tr>
<td>6. Malaria Control</td>
<td>06-Dec-97</td>
<td>31-Oct-05</td>
<td>118.3</td>
<td>11%</td>
<td>12.7</td>
</tr>
<tr>
<td>7. Powergrid II</td>
<td>05-Mar-01</td>
<td>30-Jun-06</td>
<td>450</td>
<td>13%</td>
<td>56.3</td>
</tr>
<tr>
<td>8. Tech/Engg Quality Improvement</td>
<td>14-Nov-02</td>
<td>30-Jun-08</td>
<td>209.9</td>
<td>3%</td>
<td>6.9</td>
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<tr>
<td>9. Tuberculosis Control</td>
<td>30-Jan-97</td>
<td>30-Sep-05</td>
<td>129.4</td>
<td>3%</td>
<td>3.9</td>
</tr>
<tr>
<td>10. Women &amp; Child Development</td>
<td>29-Jun-98</td>
<td>31-Mar-06</td>
<td>274.9</td>
<td>11%</td>
<td>30.7</td>
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<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td></td>
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<td>129.9</td>
</tr>
</tbody>
</table>

**Ongoing Projects in Madhya Pradesh**

1. Madhya Pradesh Water Sector Restructuring Project
   - Approval Date: 7 September 2004
   - Closing Date: 31 March 2011
   - Commitment Amount: US$ 394 million
   - Percentage Disbursed: 5.6 percent (As of 30 June 2005)
   - Implementing Agency: Water Resources Department of the Government of Madhya Pradesh

**Context:**
Agriculture in Madhya Pradesh, which accounts for 35 percent the state GDP and 80 percent of its employment, depends on surface water storage structures as well as aquifer storages. Even though irrigation is critically needed, only about one-third of the sown
area in the state has irrigation facilities and these are functioning at less than 50 percent potential due largely to poor maintenance, and lack of ownership by the farmers and other stakeholders.

**Project Development Objective:**
To improve the productivity of water for sustainable growth and poverty reduction in selected river basins of Madhya Pradesh.

**Project Components:**
- Establishment and operationalization of the proposed planning, allocation and regulatory institutions and instruments at the state and basin-levels.
- Delivering reliable irrigation services at rationalized cost by financially viable entities
- Providing the necessary investments for operationalizing reforms in five basins (Chambal, Sindh, Betwa, Ken, and Tons) for (i) reliable delivery of water measured and supplied on an appropriate volumetric basis in the irrigation systems of these basins to improve system performance, cost recovery and accountability of the service provider; (ii) an outcome-oriented approach with integrated sustainable agricultural intensification and diversification; and (iii) improved operation and management of the irrigation and drainage schemes.
- Support for a Project Implementation Coordination Unit.

**Location:**
More than two million people living in river basins of the Chambal, Sindh, Betwa, Ken and Tons will benefit from the Project.

**Status:**
Implementation has started only in early 2005.

**2. Madhya Pradesh District Poverty Initiatives Project**

<table>
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<tr>
<th>Approval Date:</th>
<th>7 November 2000</th>
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</thead>
<tbody>
<tr>
<td>Closing Date:</td>
<td>30 June 2006</td>
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<tr>
<td>Commitment Amount:</td>
<td>US$ 110.1 million</td>
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<tr>
<td>Percentage Disbursed:</td>
<td>58.8 percent (As of 30 June 2005)</td>
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<tr>
<td>Sector:</td>
<td>Rural development</td>
</tr>
<tr>
<td>Implementing Agency:</td>
<td>Government of Madhya Pradesh</td>
</tr>
</tbody>
</table>

**Context:**
Although a substantial 6 percent of the state’s GDP is allocated to various rural development programs, the effectiveness of this expenditure is in some doubt. And while there have been improvements in the state’s social indicators and a decline in poverty, the absolute numbers of poor people in Madhya Pradesh has never been larger.
**Project Development Objective:**
To improve opportunities for the poor and vulnerable, especially women, to meet their own social and economic development objectives. To achieve this objective the Project would: (i) create income security opportunities for the rural poor; (ii) empower active groups of disadvantaged people; and (iii) work through village organizations to promote more effective, accountable and inclusive government at the district and village level.

**Project Components:**
- Community investments – to finance demand-driven sub-projects, proposed by the Common Interest Groups after approval by the village development committees, and discussions by district sub-committees. Based on social assessments, it is expected that these CIG sub-projects are likely to fall into three categories: (i) skills and organizations, such as micro-enterprises; (ii) infrastructure, such as roads and housing; and, (iii) livelihood security, such as micro-irrigation.
- Institutional and human capacity building – to help develop self-reliant and self-managed community-based organizations, focused on project administration, human resource development, communications, organization strengthening, and, monitoring and learning.

**Location:**
The Project is being implemented in 2,454 villages spread over 14 districts in north and north-western Madhya Pradesh -- Shajapur, Rajgarh, Vidisha, Guna, Shivpuri, Narsinghpur, Raisen, Damoh, Sagar, Rewa, Tikamgarh, Chhatarpur, Panna and Sidhi.

**Status:**
Implementation has accelerated sharply over 2004-05, although more could have been achieved if the resource transfers from the state budget were more regular.

The Project helped 160,000 household in 1,908 villages for groups around some common activity. Over 22,686 common interest groups (CIGs) have been formed and have launched a range of income-generating activities including carpentry, bamboo work, blacksmith, pottery, boating for tourists, tourist guides, cafeterias, spice trading, rope-making, brick kiln, animal husbandry, tent houses etc.

Besides these livelihood schemes, the Project has helped set up 1,251 village infrastructure sub-projects (like check dams, drinking water wells, tubewells etc). Communities have contributed US$ 2.3 million towards the costs of these infrastructure projects and have even deposited US$ 3 million in village funds to sustain these activities after the life of the Project. The Project has also seen encouraging initial progress in linking CIGs with banks and markets (cooperatives and agri-businesses). Some 112 groups have accessed formal credit to the tune of Rs 35 million.

On the social equity front, 23 percent of the beneficiaries are women and 27 percent belong to tribal groups.
MIZORAM

Located on India’s north-eastern border with Bangladesh and Myanmar, the mountain state of Mizoram, with just under one million people living in it, is one of the least densely populated states of India. Situated in a region plagued by geographical inaccessibility, political instability and socio-economic alienation from the mainland, Mizoram faces some severe economic constraints, most particularly the lack of adequate infrastructure. One-fifth of its population – the majority of which belong to the scheduled tribes – is poor and unemployment is rampant.

It has, however, fared well in terms of human development:

- 88 percent of its population is literate, compared to the all-India figure of 65 percent
- At 86 percent female literacy, too is way above the national average of 54 percent
- It has an infant mortality rate of 37 percent compared to the India average of 68 deaths per 1,000 live births
- 28 percent of children in the state below the age of three are underweight

World Bank Portfolio in Mizoram

The Bank has currently just the single Project active in Mizoram, although several of the centrally-sponsored multi-state projects are running in the state as well.

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US $)</th>
<th>State Share %</th>
<th>Amt (US$ M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single State Projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Mizoram State Roads</td>
<td>14-Mar-02</td>
<td>31-Dec-07</td>
<td>60</td>
<td>100%</td>
<td>60.0</td>
</tr>
<tr>
<td>Sub-Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>60.0</td>
</tr>
<tr>
<td>National/Multistate Projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 AIDS Prevention and Control II</td>
<td>15-Jun-99</td>
<td>31-Mar-06</td>
<td>191</td>
<td>1%</td>
<td>1.8</td>
</tr>
<tr>
<td>3 Immunization Strengthening Project</td>
<td>25-Apr-00</td>
<td>31-Dec-05</td>
<td>226</td>
<td>0%</td>
<td>0.3</td>
</tr>
<tr>
<td>4 Technician Education III</td>
<td>09-Jul-00</td>
<td>30-Jun-06</td>
<td>64.9</td>
<td>11%</td>
<td>6.9</td>
</tr>
<tr>
<td>5 Tuberculosis Control</td>
<td>30-Jan-97</td>
<td>30-Sep-05</td>
<td>129.4</td>
<td>0%</td>
<td>0.1</td>
</tr>
<tr>
<td>6 Women &amp; Child Development</td>
<td>29-Jun-98</td>
<td>31-Mar-06</td>
<td>274.9</td>
<td>0%</td>
<td>0.2</td>
</tr>
<tr>
<td>Sub-Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9.3</td>
</tr>
<tr>
<td>Total value of portfolio in Mizoram (US$ M)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>69.3</td>
</tr>
</tbody>
</table>
1. Mizoram State Roads Project

Approval Date: 14 March 2002
Closing Date: 31 December 2007
Commitment Amount: US$ 60 million
Percentage Disbursed: 43.1 percent (As of 30 June 2005)
Sector: Transport
Implementing Agency: Public Works’ Department, Government of Mizoram

Context:
Mizoram is especially poorly served when it comes to connectivity. The nearest seaport at Kolkata involves a week-long, 1,700 drive around the whole of Bangladesh, while the nearest large Indian city, Guwahati in Assam, is some 500 km away. The trip to Guwahati, crucial for Mizoram’s economic activity, takes two days due to the poor conditions of roads in the state. The state’s 6,840 km road network is entirely single-lane, with less than 1,000 km (about 15 percent) paved. Most of the state roads are in a poor condition, with potholes, ruts, cracks, and landslide prone areas. Poor road quality and inadequate carrying capacity contribute to low riding quality, low travel speeds, and high vehicle operating costs. This translates into costly and slow road travel, with average travel speeds of about 10-15 km per hour, with concomitant negative effects on passenger fares and freight charges.

Project Development Objective:
To improve the management and carrying capacity of the core state road network.

Project Components:
- Increasing the carrying capacity and structural strength of part of the core state road network -- through the widening, strengthening, and new construction of about 184 km of state roads.
- Implementing the Resettlement and Indigenous Peoples Development Plan, Environmental Management Plan, and Environmental and Social Management Plan for civil works;
- Reducing the periodic maintenance backlog of the state by rehabilitating/maintaining about 520 km of state roads.
- Helping design, supervise, and providing technical advisory services for civil works.
- Supporting the implementation of the Institutional Strengthening Action Plan (ISAP) by providing technical assistance, training, equipment, and pre-investment studies.
- Ensuring safety-related devices are added to the roads rehabilitated under the Project, and to implement a road safety action plan.
**Location/Scale:**
The Project will expand or rehabilitate over 700 km of the state’s core road network which amounts to nearly three-fourths of the total network, benefiting an estimated 70 percent of the state’s largely poor population that relies on the road network on a daily basis.

**Status:**
The performances of the contractors entrusted with Phase I and II works of increasing the carrying capacity of certain roads has fallen short of specified standard. The Phase I contract (Aizawl-Buangpei stretch) has thus been terminated and the state authorities are closely monitoring the Phase II construction works on the Buangpei-Lunglei stretch and the Aizawl Bypass.

Of the 500 km of road to be improved or rehabilitated under the Project, about 110 km have been fully completed. An additional 110 km should be completed by March 2006 and the rest by the end of the Project. The benefits of an improved road network are beginning to be apparent on the completed stretches, with travel time having fallen as average speeds increased from 15 km/hour at the start of the Project to 25 km/hour today.

Regarding institutional development, a step forward has been taken with the state government’s decision to establish a Road Maintenance Fund. The share of PWD’s administrative costs in the road sector budget has come down from 35 percent to 25 percent and is likely to be 20 percent by the close of the Project. However, staff changes at senior levels in the Department have led to a slight slowdown in implementation of the ISAP over the last few months.
**ORISSA**

Despite its rich wealth of mineral wealth, forests, lakes, rivers and a long coastline, Orissa remains among the poorest of India’s major states. The state, 85 percent of whose 37 million population lives in rural areas, is characterized by relatively high incidence of subsistence production, traditional land tenure patterns and pronounced social and regional differences. Among the poorest in Orissa are the Scheduled Tribes (STs), who constitute 22 percent of the population (compared to 8 percent in India), and 40 percent of the poor in the state.

The GSDP growth in Orissa averaged 2.6 percent annually in the 1990s, down from 4.7 percent in the 1980s and the state’s economy is increasingly lagging behind the rest of India.

- About 17 million people, nearly half of Orissa’s population (47.2 percent), live below the poverty line. They constitute almost 5 percent of India’s poor.
- Infant mortality rate in Orissa at 81 per 1,000 is higher than the India average of 68.
- Maternal mortality is 738 deaths per 100,000 live births as against the India figure of 408 deaths.
- 83.3 percent of 6-10 year olds in Orissa are enrolled in school as against the India figure of 81.9.

**World Bank Portfolio in Orissa**

Taking into account the one Orissa-specific project active as well as the seven centrally-sponsored multi-state projects active in the state, Orissa’s share in the Bank’s net commitments in India comes to 2 percent of the Bank’s India portfolio.

Currently, the Bank is supporting just one state-specific project in Orissa, the US$ 76.4 million Orissa state health systems project. In addition, trust fund grants are being used to support pilot interventions in tourism and community-based development initiatives. The Bank and DFID are together also supporting multi-state or national level programs covering Orissa, including the District Primary Education Program. Recently completed Bank financed investment projects include those in the power and water resources sectors.
### List of active projects in Orissa as of August 2005 (Amount in US$ M)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US$)</th>
<th>State Share</th>
<th>Amt (US$ M)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single State Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Orissa Health Systems</td>
<td>29 Jun 1998</td>
<td>31-Mar-06</td>
<td>76.4</td>
<td>100%</td>
<td>76.4</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>76.4</strong></td>
</tr>
<tr>
<td><strong>National/Multistate Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 AIDS Prevention and Control II</td>
<td>15 Jun 1999</td>
<td>31-Mar-06</td>
<td>191</td>
<td>1%</td>
<td>1.8</td>
</tr>
<tr>
<td>3 Hydrology Project II</td>
<td>24 Aug 2004</td>
<td>28-Feb-11</td>
<td>105</td>
<td>4%</td>
<td>4.3</td>
</tr>
<tr>
<td>4 Immunization Strengthening Project</td>
<td>25 Apr 2000</td>
<td>31-Dec-05</td>
<td>226</td>
<td>3%</td>
<td>6.8</td>
</tr>
<tr>
<td>5 Malaria Control</td>
<td>06-Dec-97</td>
<td>31-Oct-05</td>
<td>118.3</td>
<td>14%</td>
<td>16.9</td>
</tr>
<tr>
<td>6 Powergrid II</td>
<td>05-Mar-01</td>
<td>30-Jun-06</td>
<td>450</td>
<td>13%</td>
<td>56.3</td>
</tr>
<tr>
<td>7 Tuberculosis Control</td>
<td>30-Jan-97</td>
<td>30-Sep-05</td>
<td>129.4</td>
<td>1%</td>
<td>1.3</td>
</tr>
<tr>
<td>8 Women &amp; Child Development</td>
<td>29-Jun-98</td>
<td>31-Mar-06</td>
<td>274.9</td>
<td>3%</td>
<td>6.9</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>94.3</strong></td>
</tr>
<tr>
<td><strong>Total value of portfolio in Orissa (US$ M)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>170.7</strong></td>
</tr>
</tbody>
</table>

However, in keeping with the goals spelled out in the Bank’s Country Strategy for India for 2005-08 to renew focus on the four poorest states, the Bank has recently stepped up its dialogue with Orissa.

In November 2004, Orissa received the first in a potential series of adjustment loans from the World Bank, in recognition of the significant fiscal correction achieved during 2001-04 and in support of its socio-economic development program. Up to three more adjustment operations are being planned between 2006-09. A state roads project is being prepared in 2005-06 and a follow-on water resources project is also on the anvil.

The Bank has also conducted extensive analytical research in tandem with the state. Such diagnostic work and consultations will feed into the state government’s Orissa Vision 2020 that is under preparation, and which is being supported through the Bank’s programmatic adjustment operations.

Among the recently-completed research work, the State Financial Accountability Assessment was completed in 2004, as was a state-level Investment Climate Assessment, whose initial findings were discussed with private sector and government officials in November 2004.
Current work includes the Orissa Policy Notes focused on profiling poverty, identifying potential sources of accelerated growth, and reviewing policy and institutional barriers in the health sector. A Bank study of agricultural marketing being conducted over 2005-06 will also cover Orissa. A technical assistance program (financed by DFID and managed by the Bank) for implementation of second generation reforms in the power sector is also on the agenda. Another study to be carried out in 2005-06 proposes to outline an environmentally and socially friendly path to industrial development and mineral exploration in Orissa.

Ongoing Bank Projects in Orissa

1. Orissa Health Systems Development Project

Commitment amount: US$ 76.4 million
Approval Date: 29 June 1998
Closing Date: 31 March 2006
Sector: Health, Nutrition and Population
Amount Disbursed: 80.7 percent (As of 30 June 2005)
Implementing Agency: Department of Health and Family Welfare, Government of Orissa

Context:
Public resources allocated to the health sector in Orissa, as in other Indian states, are inadequate to meet basic health care needs. Systems that need to be strengthened include: overall management, procurement of drugs and equipment, referral, health management information system (HMIS), surveillance of major communicable diseases, health care waste management, and equipment management system.

Project Development Objective:
The objectives of the proposed project would be to assist the Government of Orissa (GOO) to: (i) improve efficiency in the allocation and use of health resources through policy and institutional development; and (ii) improve the performance of the health care system through improvements in the quality, effectiveness and coverage of health services at the first referral level and selective coverage at the community level to better serve the neediest sections of society.

Project Components:
- Management Development and Institutional Strengthening – helping build capacity for planning, management, and implementation at the state, district, and facility levels; and strengthening the health management information system and the capacity for surveillance of major communicable diseases.
- Improving Service Quality, Access and Effectiveness at the Secondary Level -- upgrades area, sub-divisional, and district hospitals; and improves effectiveness of clinical, managerial, and support services at the facility level.
- Improving Access to Basic Health Services at the Community Level -- selectively upgrades community health centers; promotes health services for tribal areas and
disadvantaged groups; and improves referral mechanisms and strengthens linkages between the different tiers of the health care system

**Status:**
A recent delay in procurement – regarding some contracts to be awarded – has been overcome and the Project implementation is well underway, with the state government also providing on-going support.

In terms of specifics, increased user charges (except for the poor) are being levied at 34 district hospitals and the policy is being extended to an additional 20 sub-divisional hospitals. Eighty five percent of Project facilities are staffed with doctors, and 80 percent with paramedical staff in accordance with norms. The state’s drug budget per in-patient per bed per year has increased from Rs. 3,500 in FY98 (baseline) to Rs. 6,510 in FY03.

The Project has helped increase healthcare services in the state, as shown by certain hospital performance indicators:

(i) The number of investigations and diagnostic tests done at project facilities has increased from 1,003,887 in 1997-98 to 1,915,988 in 2003-04.

(ii) The number of surgeries has increased from 136,575 in 1997-98 to 174,582 in 2003-04.

(iii) The number of women choosing to deliver their babies in hospitals under the project has increased from 78,157 in 1997-98 to 112,283 in 2003-04.

(iv) Between 1997-98 and 2003-04, cumulative in-patient days increased from 1,827,837 to 2,282,038 and out-patients per day from 21,113 to 27,633.
RAJASTHAN

With a total population of 56.5 million, Rajasthan is India’s eighth most populous state. Poverty rates in Rajasthan are lower than national averages, at around 15.3 percent according to official figures. About 8.9 million people live in poverty, making the state home to 3.8 percent of India’s poor.

Human development indicators show Rajasthan to be lagging in its achievement of the Millennium Development Goals:

- Literacy was 61 percent in 2001, well below the all-India average of 65.4 percent
- Female literacy was 44.3 percent, as compared to the all-India figure of 54.3 percent
- Maternal mortality at 677 deaths per 100,000, is significantly higher than 408 in India as a whole
- Infant mortality at 80.4 per 1000 live births is well above the all-India average of 67.4
- More than 50.6 percent children under three years of age are significantly underweight, compared to a national average of 47 percent
- Only 17.3 percent of year-old children in Rajasthan have been immunized, compared to a national average of 42 percent

World Bank Portfolio in Rajasthan

With six single-state projects and another six multi-state projects active in the state, Rajasthan’s share in the Bank’s India portfolio comes to about 6 percent of total net commitments.
List of active projects in Rajasthan as of August 2005 (Amount in US$ M)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US $)</th>
<th>State Share</th>
<th>Amt (US$ M)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single State Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Rajasthan DPEP</td>
<td>06-Aug-99</td>
<td>31-Dec-05</td>
<td>85.7</td>
<td>100%</td>
<td>85.7</td>
</tr>
<tr>
<td>2 Rajasthan DPEP II</td>
<td>21-Jun-01</td>
<td>31-Dec-06</td>
<td>74.4</td>
<td>100%</td>
<td>74.4</td>
</tr>
<tr>
<td>3 Rajasthan DPIP</td>
<td>25-Apr-00</td>
<td>31-Dec-07</td>
<td>100.5</td>
<td>100%</td>
<td>100.5</td>
</tr>
<tr>
<td>4 Rajasthan Health</td>
<td>03-Nov-04</td>
<td>30-Sep-09</td>
<td>89</td>
<td>100%</td>
<td>89.0</td>
</tr>
<tr>
<td>5 Rajasthan Power</td>
<td>18-Jan-01</td>
<td>30-Jun-06</td>
<td>178</td>
<td>100%</td>
<td>178.0</td>
</tr>
<tr>
<td>6 Rajasthan WSRP</td>
<td>19-Feb-02</td>
<td>31-Mar-08</td>
<td>125</td>
<td>100%</td>
<td>125.0</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>652.6</strong></td>
</tr>
<tr>
<td><strong>National/Multistate Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 AIDS Prevention and Control II</td>
<td>15-Jun-99</td>
<td>31-Mar-06</td>
<td>191</td>
<td>1%</td>
<td>1.8</td>
</tr>
<tr>
<td>8 Immunization Strengthening Project</td>
<td>25-Apr-00</td>
<td>31-Dec-05</td>
<td>226</td>
<td>5%</td>
<td>11.3</td>
</tr>
<tr>
<td>9 Malaria Control</td>
<td>06-Dec-97</td>
<td>31-Oct-05</td>
<td>118.3</td>
<td>14%</td>
<td>16.9</td>
</tr>
<tr>
<td>10 Rural Roads Project</td>
<td>23-Sep-04</td>
<td>31-Mar-10</td>
<td>399.5</td>
<td>32%</td>
<td>127.8</td>
</tr>
<tr>
<td>11 Tuberculosis Control</td>
<td>30-Jan-97</td>
<td>30-Sep-05</td>
<td>129.4</td>
<td>3%</td>
<td>3.9</td>
</tr>
<tr>
<td>12 Women &amp; Child Development</td>
<td>29-Jun-98</td>
<td>31-Mar-06</td>
<td>274.9</td>
<td>11%</td>
<td>31.6</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>193.3</strong></td>
</tr>
<tr>
<td><strong>Total value of portfolio in Rajasthan (US$ M)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>845.9</strong></td>
</tr>
</tbody>
</table>

Ongoing Bank Projects in Rajasthan

1. Rajasthan Health Systems Development Project
   Approval Date: 11 March 2004
   Closing date: 30 September 2009
   Commitment amount: US$ 89 million
   Percentage disbursed: 5 percent (As of 30 June 2005)
   Sector: Health
   Implementing Agency: Department of Medical Health and Family Welfare, Government of Rajasthan
**Context:**
With an infant mortality rate of 80.4, a maternal mortality rate of approximately 677 per 100,000 live births and a total fertility rate of 4.4 children per woman, Rajasthan is below the national average in terms of basic health outcomes. Moreover, according to *Survey of Cause of Death* data, communicable diseases and peri-natal and maternal causes account for about 50 percent of deaths in the state.

**Project Development Objective:**
To improve the access of the poor and the underserved sections to basic health care services and to improve the quality and effectiveness of health care through institutional development.

**Project Components:**
- Improving the state’s institutional capacity for health policy development and planning -- by helping design and implement strategies for public-private partnership, developing contracting mechanisms, and designing a regulatory framework. The component also improves the health management information system and supports a variety of training activities.
- Renovation and upgradation – includes physical renovation of district hospitals and health centers, and the upgrading of the healthcare waste management system. This component will also help establish an institutional framework, train staff and workers, improve the quality of clinical services, and strengthen the current referral system.
- Supporting interventions to improve access to healthcare among disadvantaged populations, especially the tribal population and households below the poverty line.

**Location:**
Across the state

**Status:**
Project work has begun with focus on setting up offices, staffing, and planning activities. Technical Specifications for procuring medicines and hospital equipment have been prepared and sent to the Bank for review and clearance.

---

2. **Rajasthan Water Sector Restructuring Project**

<table>
<thead>
<tr>
<th>Approval Date:</th>
<th>19 February 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing Date:</td>
<td>31 March 2008</td>
</tr>
<tr>
<td>Commitment Amount:</td>
<td>US$ 125 million</td>
</tr>
<tr>
<td>Percentage Disbursed:</td>
<td>28 percent (As of 30 June 2005)</td>
</tr>
<tr>
<td>Sector:</td>
<td>Rural Development</td>
</tr>
<tr>
<td>Implementing Agency:</td>
<td>Irrigation Department, Government of Rajasthan</td>
</tr>
</tbody>
</table>
Context:
Rajasthan is a desert state with a geographical area equal to 10 percent of all India, but with only one percent of the county's water resources. The state is facing increased water scarcity, frequently made more critical by recurring droughts. Rajasthan’s total water demand is projected to increase from 552 billion cubic meters (BCM) in 1997 to 1050 BCM in 2025.

Moreover agriculture, for which water is a critical factor of production, remains an important sector in the economy. It accounts for about 33 percent of the gross state domestic product (GSDP) in 1999/2000, while providing employment for about 70 percent of the work force. Thus improving water resources management in particular, and agricultural performance in the state in general, would be a critical factor in reducing poverty in the state.

Project Development Objectives:
(i) To strengthen the government of Rajasthan’s capacity for strategic planning and sustainable development, and management of the surface and groundwater resources in Rajasthan.; (ii) To increase the productivity of irrigated agriculture through improved surface irrigation systems performance, and strengthened agricultural support services, involving greater participation of users and the private sector in service delivery.

Project Components:
- Institutional strengthening through assisting in the creation of a State Water Resources Planning Department responsible for planning and regulation and ensuring consistency of implementation of basin plans across departments, the restructuring and capacity building of the irrigation department, and the strengthening of the capacity of the Environment Policy Planning Unit; the modernization of management information systems in the water sector departments; the piloting of community-based institutions for more sustainable groundwater management and the reinforcement of the data collection and technical capacity of the ground water department; the establishment of a farmer owned and managed water utility; and information, education, and communication campaigns.
- Raising irrigated agricultural productivity, water use efficiency and irrigation system performance through greater participation of users in systems operations and management, increased cost recovery, and improved agricultural support services delivery.

Location:
Across the state, directly benefiting an estimated 250,000 farm families.

Status:
The key institutional restructuring actions, including the operationalization of the State Water Resources Planning Department, and the capacity-building of the Ground Water and Irrigation departments are underway.
About 81 percent of the total estimated works contracts have already been awarded and works commenced on ground. The award of the balance works will also be awarded by mid-2005. Water Users Associations (WUAs) in all the 90 irrigation schemes covered under the Project are functioning and are involved in irrigation management.

3. Second Rajasthan District Primary Education Project

Approval Date: 21 June 2001
Closing Date: 31 December 2006
Commitment Amount: US$ 74.4 million
Percentage Disbursed: 59.2 percent (As of 30 June 2005)
Sector: Education
Implementing Agency: Rajasthan Council for Primary Education, Government of Rajasthan

Context:
After lagging behind the rest of India for decades, Rajasthan recorded the highest increase in overall literacy rates for the 1990s at nearly 23 and 24 percent for males and females, respectively. It also had the highest literacy growth rate (16.5 percent per year; female literacy growth rate 18 percent) compared to other educationally-backward Hindi-speaking states. The first phase of the Rajasthan DPEP had contributed to this effort by focusing on 10 districts of the state. However, social stratification and poverty has ensured that access to education remains non-universal.

Poverty Development Objective:
The Project sought to take the initiative of the First Rajasthan DPEP forward and ensure that all 6-11 year old children in nine selected districts, especially children from socially and economically disadvantaged groups, have access to a five year primary education cycle of appropriate quality

Project Components:
- Expanding access, retention, and enrollments – this component includes targeted interventions to reach marginalized groups, establishes early childhood education centers, provides residential facilities for migrant children, and services children with mild to moderate disabilities. This component also provides parateachers, trains school management committees in community mobilization and awareness building and finances civil works.
- Pedagogical renewal approach for continuous support for teacher development -- it provides teaching and learning materials, and develops and provides school libraries and distance learning, among other actions to improve educational quality and achievement.
- Building the capacity of the state project office to manage primary education at the state, district, and local levels.
**Location:**
The districts of Bharatpur, Bundi, Churu, Dholpur, Dausa, Hanumangarh, Jaipur, Karoli and Sawaimadhopur.

**Status:**
In terms of access, about 95 percent of habitations in the nine Project districts have been provided with formal schools, and the rest of the habitations have some form of alternative schooling facilities. The gross enrolment rate had increased from 57 percent in 2001 to 95.4 percent in December 2004. However, the growth in retention – at 3.7 percent -- has not kept pace and drop-out rates have fallen in the corresponding period from 60 percent to 53.5 percent.

Training has helped improve teacher performance, as has the use of child-centered teaching methodologies and teaching-learning materials. Community involvement in primary education through School Development and Management Committees, Mother-Teacher and Parent-Teacher Associations has visibly increased in primary education. The Project has also helped set up 1,103 alternative schools and added 2,401 classrooms to existing school facilities.

---

4. Rajasthan Power Sector Restructuring Project

**Approval Date:** 18 January 2001  
**Closing Date:** 30 June 2006  
**Commitment Amount:** US$ 178 million  
**Percentage Disbursed:** 64.9 percent (As of 30 June 2005)  
**Sector:** Energy  
**Implementing Agency:** Energy Department, Government of Rajasthan

**Context:**
Rajasthan has been at the forefront of electricity sector reforms in India. It has unbundled the sector into its functional segments (generation, transmission, and distribution), corporatized the companies, and established an independent regulatory commission.

**Project Development Objective:**
To (i) support the ongoing power sector reform process in Rajasthan leading to higher sector efficiency and financial recovery; and (ii) improve power supply by removing the critical bottlenecks in the power transmission and distribution system.

**Project Components:**
- Reduce Rajasthan State Electricity Board’s (RSEB) technical and non-technical losses through an immediate elimination of the long lower voltage, or low tension lines in rural areas, which heavily overload transformers. Schemes will be financed, consisting of low tension-less systems, replacing low voltage lines with high voltage, and further augment locations of distribution transformers, while capacitor installation will further improve returns of operating voltages;
- Reinforce transmission/distribution systems by financing equipment, materials, and plants, for expanding or constructing sub-stations;
• Installing system electronic (static) meters to measure the flow of electricity, a
  prerequisite for successful commercialization; and,
• Provide technical assistance in the areas of reform project management;
  institutional development; formation of joint venture distribution companies;
  socioeconomic impact assessment; renewable energy development; environmental
  management etc.

**Status:**
The Project helped make significant investments to accompany Rajasthan’s reform
program. About Rs. 5,373 crore (US$ 1.22 billion) was spent in the Project’s first four
years resulting in the commissioning of 520 MW of new generation capacity and a
number of new transmission and distribution substation and lines.

Rajasthan also became the first state in the country to begin moving towards a multi-
buyer industry structure, starting April 2004, with direct contracting of power purchase
between the generators and the Discoms.

A well-targeted feeder renovation program was piloted on about 100 distribution feeders
spread among the three discoms. This has led to dramatic loss reduction on the selected
feeders; in some case losses of over 75 percent have come down to under 10 percent.
With the pilot program now on track, the discoms have turned their attention to a scale-up
which could see work on as many as 1,500 feeders initiated over the course of 2005-06.

5. **Rajasthan District Poverty Initiatives Project**

  **Approval Date:** 25 April 2000
  **Closing Date:** 31 December 2005
  **Commitment Amount:** US$ 100.5 million
  **Percentage Disbursed:** 56 percent (As of 30 June 2005)
  **Sector:** Rural development
  **Implementing Agency:** Rural Development Department, Government of Rajasthan

**Context:**
Almost half of Rajasthan’s poor live in resource-poor rural areas. With little or no land or
livelihood skills, disadvantaged by illiteracy and lack of social access, they are unable to
utilize even those few resources or services available to them.

**Project Development Objective:**
To improve the economic opportunities, living standards and the social status of the poor
in selected villages.

**Project Components:**
• Financing activities that mobilize, organize and strengthen the capacities of the poor.
• Providing community investment funds to be used for creating infrastructure and
  providing services and technologies needed or demanded by the poor.
• Project management
**Location:**
The seven poorest districts of Rajasthan: Baran, Churu, Dausa, Dholpur, Jhalawar, Rajsamand and Tonk. The Project hopes to benefit about 350,000 poor families.

**Status:**
The Project has helped villagers from over 1,25,000 poor households in 5,648 villages come together and form close to 18,865 common interest groups. Apart from helping take the initiative in local development around their villages, these groups also allow villagers to engage in a range of income-generating activities and micro-enterprises. Over 13,531 such proposals have been launched. A study reveals that 67 percent of households under the Project have seen a marked increase in incomes. Those involved in various micro-enterprises have seen monthly incomes jump from Rs 735 to Rs 1,424.

Eighty percent of the common interest groups are also involved in savings activity and have cumulative savings worth Rs. 36 million. The Project has helped some 623 groups forge bank linkages for credit worth Rs 26 million.

### 6. Rajasthan District Primary Education Project (I)

**Approval Date:** 8 June 1999  
**Closing Date:** 31 December 2005  
**Commitment Amount:** US$ 85.7 million  
**Percentage Disbursed:** 79.2 percent (As of 30 June 2005)  
**Sector:** Education  
**Implementing Agency:** Rajasthan Council for Primary Education, Government of Rajasthan

**Context:**
When the Project was launched, the literacy rate in Rajasthan stood at 55 percent and female literacy at 35 percent. Decades of social stratification and poverty had resulted in a severe disadvantage in primary school access and learning for girls, SC and ST students. Only two among five children in the poorest 40 percent of households in Rajasthan attended school, compared to over three in five children from the next 40 percent and nine out of ten from the top 20 percent.

**Project Development Objectives:**
To assist the government of Rajasthan strengthen state, district and sub-district capacities to ensure good quality primary education for all children, especially from disadvantaged groups such as female, Scheduled Castes, and Scheduled Tribes, children from Other Backward Communities, working children and children with disabilities.

**Project Components:**
- Expanding access to primary education by opening new schools, constructing additional classrooms, and repairing existing classrooms; positioning para-professionals in schools to meet increased enrollment; and strengthening child
development centers and selectively establishing early childhood education centers in villages.

- Increasing retention and improves learning achievement by promoting community awareness and mobilizing community involvement
- Improving state and district capacity to manage primary education.

**Location:**
In 10 districts of Rajasthan – Alwar, Bhilwara, Ganganagar, Jhalawar, Jhunjhunu, Kota, Nagaur, Sikar, Sirohi and Tonk.

**Status:**
The enrolment of girls has gone up by 27.5 percent, while overall enrolment has increased by 19.5 percent in the Project districts. A total of 2.6 million have been enrolled in schools under this Project. However, the growth in retention hasn’t kept pace with enrolment increases and 54 percent children still continue to drop out of school. Teacher performance has been enhanced with 109,911 teachers having been trained under the Project. More than 739 new schools have also been built, increasing poor people’s access to education.
**TAMIL NADU**

Tamil Nadu, with a GSDP of about US$ 38 billion, has emerged the fifth largest state economy in India. This southern state has also achieved commendable development outcomes, with higher economic growth (6.6 percent) and faster poverty reduction than the India average in the 1990s. Government of India estimates show that Tamil Nadu’s poverty headcount dropped from 35.4 percent in 1993-94 to 21.1 percent in 1999-2000. One of India’s most urbanized states, Tamil Nadu also has an educated workforce and ranks sixth out of the 15 major states in per capita income.

Tamil Nadu, with the third highest Human Development Index (HDI) among 29 Indian states, is well on track to meet the major Millennium Development Goals:

- Its annual population growth rate, at 1.43 percent, is the second lowest in the country
- Infant mortality in 1999 was 48 per 1,000, down from 71 per 1000 in 1992
- Its immunization record of 93 percent coverage is the highest in the country
- Above-average performance with respect to female literacy, female infant mortality rate, female life expectancy and fertility rates have given Tamil Nadu a Gender Development Index of 0.654 (in 2001) as against the all-India average of 0.560.

**World Bank Portfolio in Tamil Nadu**

Tamil Nadu is the Bank’s second largest partner state in India after Uttar Pradesh. With five single-state projects and seven centrally-sponsored multi-state projects active here, Tamil Nadu’s share in the Bank’s India portfolio comes to 11 percent of total net commitments here.

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3 According to the National Family Surveys
List of active projects in Tamil Nadu as of August 2005 (Amount in US$ M)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US $)</th>
<th>State Share</th>
<th>Amt (US$ M)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single State Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Tamil Nadu Health</td>
<td>16-Dec-04</td>
<td>30-Sep-10</td>
<td>90.8</td>
<td>100%</td>
<td>90.8</td>
</tr>
<tr>
<td>2. Tamil Nadu Road Sector</td>
<td>17-Jun-03</td>
<td>31-Mar-09</td>
<td>348</td>
<td>100%</td>
<td>348.0</td>
</tr>
<tr>
<td>3. Tsunami Emergency</td>
<td>05-Mar-05</td>
<td>30-Apr-08</td>
<td>465</td>
<td>91%</td>
<td>423.2</td>
</tr>
<tr>
<td>4. Tamil Nadu Empowerment and Rural Poverty Reduction</td>
<td>07-Dec-05</td>
<td>30-Sep-11</td>
<td>120</td>
<td>100%</td>
<td>120.0</td>
</tr>
<tr>
<td>5. Tamil Nadu Third Urban Development Project</td>
<td>##############</td>
<td>30-Mar-11</td>
<td>300</td>
<td>100%</td>
<td>300.0</td>
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<tr>
<td><strong>Sub-Total</strong></td>
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<td>1,282.0</td>
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<tr>
<td><strong>National/Multistate Projects</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>6. Tuberculosis Control</td>
<td>30-Jan-97</td>
<td>30-Sep-05</td>
<td>129.4</td>
<td>5%</td>
<td>6.5</td>
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<td>7. Women &amp; Child Development</td>
<td>29-Jun-98</td>
<td>31-Mar-06</td>
<td>274.9</td>
<td>5%</td>
<td>13.7</td>
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<td>8. AIDS Prevention and Control II</td>
<td>15-Jun-99</td>
<td>31-Mar-06</td>
<td>191</td>
<td>8%</td>
<td>15.9</td>
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<tr>
<td>9. Hydrology Project II</td>
<td>24-Aug-04</td>
<td>28-Feb-11</td>
<td>105</td>
<td>4%</td>
<td>4.1</td>
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<tr>
<td>10. Immunization Strengthening Project</td>
<td>25-Apr-00</td>
<td>31-Dec-05</td>
<td>226</td>
<td>6%</td>
<td>13.6</td>
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<td>11. TA for Economic Reform Project</td>
<td>05-Dec-00</td>
<td>31-Dec-05</td>
<td>33</td>
<td>3%</td>
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<tr>
<td>12. Tech/Engg Quality Improvement</td>
<td>14-Nov-02</td>
<td>30-Jun-08</td>
<td>209.9</td>
<td>6%</td>
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<td><strong>Sub-Total</strong></td>
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<td>67.4</td>
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<td><strong>Total value of portfolio in Tamil Nadu (US$ M)</strong></td>
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<td></td>
<td>1,349.4</td>
<td></td>
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</tr>
</tbody>
</table>

Ongoing Projects in Tamil Nadu

1. Tamil Nadu Empowerment and Poverty Reduction Project

   Approval Date: 12 July 2005
   Closing Date: 30 Sept 2011
   Commitment Amount: US$ 120 million
   Percentage Disbursed: nil
   Sector: Rural Development
   Implementing Agency: Government of Tamil Nadu
Context:
Despite Tamil Nadu’s significant development achievements, some 12 million people or 20 percent of the state’s total population is still living in poverty. Poverty rates are higher in rural areas and intra-state disparities are noteworthy. In fact, inequality among the population within Tamil Nadu is higher than the all-India average, and is indeed the highest among the 15 major states. Thus, the exclusion of a large section of the rural population from the progressive achievements of the state is the challenging agenda for development.

Project Development Objectives:
To support Government of Tamil Nadu’s strategy for reducing poverty among the rural poor and other vulnerable groups.

Project Components:
- Build institutional capacity, synergize and strengthen pro-poor local institutions and fund productive livelihood related investments at the village level.
- Support and strengthen the project teams and support organizations at the state and district levels to respond to the needs of the poor and build institutional linkages and livelihood options for enhanced sustainability of the livelihoods of the poor and vulnerable.
- Facilitate overall co-ordination, implementation, monitoring and learning of the project at state and district levels

Location:
The Project will be implemented in about 2,300 village panchayats of 15 districts viz. Coimbatore, Cuddalore, Kanchipuram, Nagapattinam, Namakal, Ramnad, Salem, Theni, Thiruvallur, Thiruvananamali, Thiruvarur, Tirunelveli, Tuticorin, Vellore and Villupuram.

Status:
Implementation is yet to begin.

2. Third Tamil Nadu Urban Development Project
Approval Date: 5 July 2005
Closing Date: 30 March 2011
Commitment Amount: US$ 300 million
Percentage Disbursed: nil
Sector: Infrastructure
Implementing Agency: Department of Municipal Administration and Water Supply, Government of Tamil Nadu

Context:
Tamil Nadu is one of the most urbanized states in India, with 43 percent of its population of 62 million (2001 census) living in towns and cities. It has also been forging a new approach to municipal development, an initiative assisted by two previous World Bank
projects. This Project seeks to consolidate the state’s bid to develop an independent, sustainable mechanism for financing urban infrastructure.

**Project Development Objectives:**
To help the state improve the delivery of urban services by enhancing the quality of urban infrastructure and strengthening the institutional and financial framework.

**Project Components:**
- Support for management improvements and institutional changes, including provision of goods, technical assistance, workshops, and staff training to support the implementation and sustainability of urban policy reforms, organizational performance, and urban services delivery.
- Developing sustainable urban investments such as water supply, waste water collection, solid waste management, stormwater drains, roads and common facilities such as transportation networks, and sanitation facilities, based on demand driven investment plans developed by Urban Local Bodies.

**Location:**
Some six municipal corporations, 102 municipalities and 43 upgraded urban local bodies have been selected across the state.

**Status:**
Implementation is yet to begin.

3. Tamil Nadu Health Systems Project

**Approval Date:** 16 December 2004
**Closing Date:** 30 September 2010
**Commitment Amount:** US$ 91 million
**Percentage Disbursed:** 8.3 percent (As of 30 June 2005)
**Sector:** Health, Nutrition and Population
**Implementing Agency:** Department of Health and Family Welfare, Government of Tamil Nadu

**Context:**
While the health system in Tamil Nadu has been fairly effective in providing basic health needs to its people, there is considerable scope for improvement. Public expenditure on health services in Tamil Nadu is less than US$3 per capita per year and has fallen from 7.5 percent of the state budget in the mid-1980’s to 5.8 percent in 2001. Almost 75 percent of this budget is allocated to salaries, leaving very little for investment in equipment, infrastructure and materials required for the provision of care of even minimum quality.

**Project Development Objective:**
To significantly improve the effectiveness of the health system, both public and private, in Tamil Nadu through: (i) increased access to and utilization of health services, particularly by poor, disadvantaged and tribal groups; (ii) development and pilot testing...
of effective interventions to address key health challenges specifically non-communicable diseases; (iii) improved health outcomes, access and quality of service delivery through strengthened oversight of the public sector health systems and greater engagement of nongovernmental sector; and (iv) increased effectiveness of public sector hospital services, primarily at district and sub-district levels.

**Project Components:**
- Increased access to and utilization of health services, particularly by poor, disadvantaged and tribal groups;
- Development and pilot testing of effective interventions to address key health challenges, specifically non-communicable diseases;
- Improved health outcomes, access and quality of service delivery through strengthened oversight of the public sector health systems and greater engagement of non-governmental sector; and
- Increased effectiveness of public sector hospital services, primarily at district and sub-district levels

**Location:**
In all 29 districts of the state

**Status:**
The Project is in the process of getting underway.

4. Tamil Nadu Road Sector Project

**Approval Date:** 17 June 2003  
**Closing Date:** 31 March 2009  
**Commitment Amount:** US$ 348 million  
**Percentage Disbursed:** 11.6 percent (As of 30 June 2005)  
**Sector:** Infrastructure  
**Implementing Agency:** Department of Highways, Government of Tamil Nadu

**Context:**
Road transport accounts for about 80 percent of Tamil Nadu’s freight and passenger trips. But although the state’s primary road network extends over 18,000 km, infrastructure development has not kept pace with the growing demand for road transport. For instance, more than 50 percent of the state highways and major district roads are of less than two-lane width (7.0 metre); and inadequate maintenance has left over 35 percent of Tamil Nadu’s roads in a poor condition.

**Project Development Objective:**
To improve the quality and sustainability of the state’s core network.

**Project Components:**
- Road upgrading -- aimed at improving the capacity of the state road network; also includes the construction of bridges and state roads.
• Road maintenance and safety works -- through periodic road maintenance and safety-related works, implemented through a mix of conventional maintenance and performance-based maintenance contracts, supervised with periodic technical reviews by an independent consultant; and
• Institutional strengthening and policy development

Location:
Across the state

Status:
The first phase of maintenance contracts have already been awarded and work is underway. Procurement of services for developing a Road Maintenance Management System is likely to be completed soon.
UTTAR PRADESH

With a total population of 164 million, Uttar Pradesh is India’s most populated state. It is also one of India’s poorest states and with more than 60 million people living below the poverty line. Reforms to reduce poverty in UP are, thus, critical not only for the state and for India, but also are of global significance given that almost 8 percent of the world’s poor live here.

UP has some of the lowest human development indicators in India:

- Literacy was at 57 percent in 2001, well below the all-India average of 65 percent
- Female literacy at 43 percent, as compared to the all-India figure of 54 percent
- Maternal mortality at 707 deaths per 100,000, is significantly higher than 408 in India as a whole
- Infant mortality at 85 per 1000 live births is among the highest in India
- More than 50 percent children under three years of age are significantly underweight
- Three out of 10 children in UP have never been immunized

World Bank Portfolio in Uttar Pradesh

With five state-specific projects and 11 centrally-sponsored, multi-state projects active in the state, UP has the largest portfolio of World Bank projects among all the Indian states. About 20 percent of the Bank’s total net commitments in India are concentrated in this state.
<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US $)</th>
<th>State Share</th>
<th>Amt (US$ M)</th>
</tr>
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<tbody>
<tr>
<td><strong>List of active projects in UP as of August 2005 (Amount in US$ M)</strong></td>
<td></td>
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<tr>
<td><strong>State Share</strong></td>
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<tr>
<td><strong>Project Name</strong></td>
<td>Approval Date</td>
<td>Closing Date</td>
<td>Amt (US $)</td>
<td>State Share</td>
<td>Amt (US$ M)</td>
</tr>
<tr>
<td><strong>Single State Projects</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 UP DPEP III</td>
<td>16-Dec-99</td>
<td>30-Sep-05</td>
<td>182.4</td>
<td>91%</td>
<td>166.0</td>
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<td>2 UP Health</td>
<td>25-Apr-00</td>
<td>31-Dec-05</td>
<td>79.9</td>
<td>86%</td>
<td>68.7</td>
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<td>3 UP Roads</td>
<td>19-Dec-02</td>
<td>31-Dec-08</td>
<td>488</td>
<td>100%</td>
<td>488.0</td>
</tr>
<tr>
<td>4 UP Sodic II</td>
<td>15-Dec-98</td>
<td>30-Sep-07</td>
<td>194.1</td>
<td>100%</td>
<td>194.1</td>
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<tr>
<td>5 UP Water Sector Restructuring</td>
<td>19-Feb-02</td>
<td>31-Oct-07</td>
<td>109.1</td>
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<td><strong>National/Multistate Projects</strong></td>
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<td></td>
</tr>
<tr>
<td>6 AIDS Prevention and Control II</td>
<td>15-Jun-99</td>
<td>31-Mar-06</td>
<td>191</td>
<td>1%</td>
<td>1.8</td>
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<tr>
<td>7 Allahabad Bypass</td>
<td>14-Oct-03</td>
<td>30-Jun-09</td>
<td>240</td>
<td>93%</td>
<td>222.0</td>
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<td>8 Grand Trunk Road Improvement</td>
<td>21-Jun-01</td>
<td>31-Dec-06</td>
<td>589</td>
<td>68%</td>
<td>400.5</td>
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<td>9 Immunization Strengthening Project</td>
<td>25-Apr-00</td>
<td>31-Dec-05</td>
<td>226</td>
<td>16%</td>
<td>36.2</td>
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<td>10 Lucknow-Muzaffarpur Ntl Hwys</td>
<td>21-Dec-04</td>
<td>30-Jun-10</td>
<td>620</td>
<td>70%</td>
<td>434.0</td>
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<td>11 National Highways III</td>
<td>06-Aug-00</td>
<td>30-Jun-06</td>
<td>516</td>
<td>55%</td>
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<td>12 Rural Roads Project</td>
<td>23-Sep-04</td>
<td>31-Mar-10</td>
<td>399.5</td>
<td>43%</td>
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<td>13 TA for Economic Reform Project</td>
<td>05-Dec-00</td>
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<td>14 Tech/Engg Quality Improvement</td>
<td>14-Nov-02</td>
<td>30-Jun-08</td>
<td>209.9</td>
<td>7%</td>
<td>15.3</td>
</tr>
<tr>
<td>15 Tuberculosis Control</td>
<td>30-Jan-97</td>
<td>30-Sep-05</td>
<td>129.4</td>
<td>6%</td>
<td>7.1</td>
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<tr>
<td>16 Women &amp; Child Development</td>
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<td>31-Mar-06</td>
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</table>
Ongoing Bank Projects in Uttar Pradesh

1. UP State Roads Project
Approval Date: 19 December 2002
Closing Date: 31 December 2008
Commitment Amount: US$ 488 million
Percentage Disbursed: 16 percent (as of 30 June 2005)
Sector: Transport
Implementing Agency: Department of Public Works, Government of Uttar Pradesh

Context:
Although UP has the most extensive rail network in the country, the dispersed nature of agricultural, and to a lesser extent industrial production in this vast state has resulted in the road network being a critical element of the economic infrastructure.

Project Development Objectives:
This Project is aimed at improving the performance of the core road system in UP.

Project Components:
- Upgrade and widen priority state highways – this includes the construction of four new bypasses and major bridges.
- Help reduce the periodic maintenance backlog of the state -- by funding the overlaying, resealing, and minor rehabilitation of state highways and major district roads.
- Help implement the institutional development plan – by financing consultant services, technical assistance and training programs.
- Finance civil works to implement engineering and traffic management measures.

Location:
Across the state

Status:
Over 550 kms of the core road network of the state has already been improved. This includes all works marked for Phase I (viz: Katra-Bilhaur – 148.4 km; Bahraich-Faizabad – 109.4 km; Bhoganipur-Chaudgra Mod – 82.3 km; and Mohammadpur-Jaunpur – 33.8 km). The design and procurement of Phase II works is also underway.

The percentage of the core network in good condition has increased from 17 percent in 2002 to 25 percent in 2005. It is expected that more than two-thirds of the network will be categorized as being in a good condition by the end of the Project.

The government of UP has substantially increased road maintenance funding, concentrating the funding on periodic works while developing approaches to incorporate
effective routine maintenance. It is also making substantive institutional changes through the establishment of a Highways Authority which will progressively take over the core road network with an eye to operating it under a public-private partnership.

2. UP Water Sector Restructuring Project
   Approval Date: 19 February 2002
   Closing Date: 31 October 2007
   Commitment Amount: US$ 109.1 million
   Percentage Disbursed: 20.4 percent (As of 30 June 2005)
   Sector: Rural development
   Implementing Agency: Irrigation Department, Government of Uttar Pradesh

   Context:
   About 70 percent of agriculture (which accounts for 40 percent of the state GDP) in UP is dependent on irrigation. However, poor water management and a failing public delivery system are constraining agriculture growth in the state.

   Project Development Objective:
   (a) To set up an enabling institutional and policy framework for water sector reform in the state for integrated water resources management; and (b) to initiate irrigation and drainage sub-sector reforms to increase and sustain water and agricultural productivity.

   Project Components:
   - Initiating water sector reform.
   - Financing irrigation and drainage sub-sector reforms.
   - Piloting reform options for integrated water resources management at the sub-basin level
   - Piloting reform measures for sustainable and efficient operation and management of irrigation and drainage infrastructure.
   - Initiating topographic surveys and environmental, social, and other assessments, and preparing feasibility studies for activities to be undertaken in a follow-up project.
• Assisting the Project Activities Core Team in facilitating and guiding the implementation and monitoring of Project activities.

Location:
All across the state with initial focus on the Ghaghra-Gomti basin of eastern UP for irrigation and drainage reforms; pilot in Jaunpur Branch sub-basin and the Imamganj Branch sub-basin.

Status:
Implementation is slow on the Project and the Bank is in constant touch with the state government to ensure high-level attention for effective project management. A State Water Resources Agency and State Water Resources Data and Analysis Center has been established and an interim commission has also been set up for regulation.

3. UP Health Systems Development Project
Approval Date: 25 April 2000
Closing Date: 31 December 2005
Commitment Amount: US$ 80 million
Percentage Disbursed: 54.7 percent (As of June 2005)
Sector: Health, Nutrition and Population
Implementing agency: Department of Medical, Health and Family Welfare, Government of Uttar Pradesh

Context:
Widespread poverty and illiteracy have spawned some of the most devastating health indicators in this the most populous state of India. UP's public sector health services are extensive but crumbling, and dependent on weak, fragmented, and overly centralized management.

Project Development Objectives:
To establish an appropriately-managed health system, through the delivery of effective services, stemming from policy reform, institutional, and human resources development, in addition to investments in health services.

Project Components:
• Developing a strategic management capacity -- through a review of health systems performance; the establishment of a drug policy; forging public-private partnerships; developing accurate health management information systems; and conducting management training.
• Improving the quality of clinical practice in public health services and of access to health services.

**Location:**
Largely in the poorest regions of the state: Bundelkhand, and Eastern UP; the Project is also being implemented in the state of Uttaranchal, previously a part of UP.

**Status:**
The slow pace of implementation progress and slow rate of disbursement (55 percent in five years cumulatively) has brought the Project to a critical juncture. The government of UP now has to weigh the options going ahead, including the possibility of re-structuring the Project or extending it.

### 4. Uttar Pradesh Third District Primary Education Project

**Approval Date:** 16 December 1999  
**Closing Date:** 30 September 2005  
**Commitment Amount:** US$ 182.4 million  
**Percentage Disbursed:** 81.7 percent (As on June 2005)  
**Sector:** Education  
**Implementing Agency:** Uttar Pradesh Sabhee ke Liye Shiksha Pariyojana Parishad, Government of Uttar Pradesh

**Context:**
Uttar Pradesh is plagued by low literacy rates (57 percent as against India average of 65 percent), which are further compounded by enormous inequalities in terms of region, urban and rural population, gender and social groups such as scheduled castes, scheduled tribes and minorities.

**Project Development Objective:**
To assist the government of Uttar Pradesh in its effort to ensure that all 6-10 year old children, especially from socially disadvantaged groups complete a five-year primary education cycle of appropriate quality.

**Project Components:**
• Improving access to primary education – this component involves appointing para-professional teachers and building and rehabilitating schools and classrooms. It also pilots and introduces double-shift models, provides alternative schooling facilities, designs interventions to address the educational needs of children from socially disadvantaged groups, conducts regular health check-ups of school children, and mobilizes and strengthens community organizations and launches awareness campaigns.
• Instituting a comprehensive teacher development system -- including revising the curriculum revision, improving teacher materials and modules, developing a continuous learning assessment, and monitoring classroom practices. This component also provides book banks and assesses student learning.

• Building institutional capacity at the state, district, and sub-district level to manage primary education.

**Location:**

32 districts of the state (as well as 10 districts of Uttaranchal for the Project was initiated in undivided UP).

**Status:**

As compared to the baseline, there is a significant decline in both Project states in number of children out of school and a corresponding increase in gross enrolment rate (GER), particularly for girls. In UP, the GER is at 95.5 percent (girls 98.3 percent) while in Uttaranchal, the general GER is at 102.9 percent (girls 101.7 percent).

The trend in terms of drop outs is also positive and there is a consistent improvement in achievement levels over baseline for language and mathematics for grades 2 and 5 for both Project states. The teacher-student ratio has also improved from the 1:65 norm at the start of the Project – in UP the improvement has been marginal to 1:55, but in Uttaranchal, the ratio is substantially better at 1:27.

### 5. Uttar Pradesh Sodic Lands Reclamation Project II

**Approval Date:** 15 December 1998  
**Closing Date:** 30 September 2007  
**Commitment Amount:** US$ 194.1 million  
**Percentage Disbursed:** 79.5 percent (As of June 2005)  
**Sector:** Rural Development  
**Implementing Agency:** Uttar Pradesh Bhumi Sudhar Nigam, Government of Uttar Pradesh

**Context:**

Over 10 percent of Uttar Pradesh’s total cultivable area (over 1.2 million hectares) has been rendered unarable by high sodicity.

**Project Development Objective:**

Sustainable reclamation of sodic lands and the prevention of further increases in sodicity in selected districts with the highest concentration of sodic areas.

**Project Components:**

- On-farm development and land reclamation – this component addresses the need for beneficiary-led, on-farm reclamation efforts through active community participation
• Rehabilitation and maintenance of main drains – this component will improve the
  drain network vital for reversing, arresting, or delaying the process the sodic land
  formation.
• Technology dissemination – to establish a community-based, demand driven
  system for technology dissemination in the project districts.
• Upgrading farm-to-market roads
• Human resources development and institutional capacity building of support
  services – this will focus on staff training and institutional strengthening in
  panchayats, nongovernmental organizations, and executing government agencies.
• Adaptive research – to verify and refine the available technologies to suit the
  specific needs of local farmers and to bring about sustainable increases in the
  productivity of sodic lands through reclamation.
• Project management

Location:
The Project seeks to increase agricultural productivity in 17 districts of Uttar Pradesh,
viz. Aligarh, Hathras, Azamgarh, Allahabad, Bulandshahar, Etah, Etawah, Auraiya,
Fatehpur, Hardoi, Jaunpur, Kanpur, Mainpuri, Pratapgarh, Raebareli, Sultanpur and
Unnao

Status:
An independent monitoring and evaluation study shows that the Project has already met
or exceeded all its objectives. Some 2,96,031 families in 2,796 villages from 17 districts
of UP have benefited from the land improvement and allied activities, with annual
household incomes having gone up 50 percent from Rs 18,058 to Rs 27,091. Over
1,56,543 hectares have been reclaimed, of which around 99,000 ha have been brought
under cultivation for the first time. Over 93 percent of these reclaimed lands belong to
marginal and small farmers.

The Project’s vigorous community empowerment program, particularly for women, has
achieved notable results. This is evident in the volume of financial transactions generated
(in excess of Rs 400 million), as well as in the villagers’ new, aspirational demands for
population management services, for primary health care and for girls schooling etc.
Uttaranchal

Carved out of the hill tracts of Uttar Pradesh in 2000, Uttaranchal has a relatively small population of 8.5 million and an area of 53,483 sq. km. About 87 percent of the land is hilly and subject to severe soil erosion. The hill state of Uttaranchal has relatively good human development indices compared to the national averages:

- Literacy was at 72.3 percent, well above the all-India average of 65 percent
- Female literacy at 59.6 percent as compared to the all-India figure of 54 percent
- Infant mortality at 52 per 1,000 live births is also below the India average of 78.5 deaths
- More than 50 percent children under three years of age are significantly underweight
- Three out of 10 children in UP have never been immunized

Uttaranchal also has less inequality in terms of land distribution, income distribution and social hierarchy as compared to the national average. Although land holdings are small (0.68 ha. in hills and 1.77 ha. in plains), the number of landless people is only 3 percent which is much less than the national average of 11 percent.

Poverty, however, continues to be a serious problem with 36.5 percent of its population living below the poverty line (compared to the national average of 26.1 percent). The situation is much worse in the mountain areas where most of the population lives; 38.5 percent of the population of the hills falls below the poverty line, compared to 26.3 percent for the plains. Poverty is more pronounced amongst some disadvantaged groups such as tribals and scheduled castes where 44 percent are considered to be BPL.

World Bank Portfolio in Uttaranchal

Apart from the one state-specific watershed development project active in Uttaranchal, the Bank’s engagement with the hill state also covers two projects (UP Health Systems Project and the Third District Primary Education Project) that were operational in Uttar Pradesh before it was bifurcated. The state’s current share in the Bank’s total net commitments in India comes to 1 percent.

A proposed project that seeks to build on the successes of Swajal, the community-managed model of supplying water and sanitation to villages, is under active preparation.
List of active projects in Uttaranchal as of August 2005 (Amount in US$ M)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Closing Date</th>
<th>Amt (US $)</th>
<th>State Share</th>
<th>Amt (US$ M)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single State Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. UP DPEP III</td>
<td>16-Dec-99</td>
<td>31 Mar 2006</td>
<td>182.4</td>
<td>9%</td>
<td>16.4</td>
</tr>
<tr>
<td>2. UP Health</td>
<td>25-Apr-00</td>
<td>31-Dec-05</td>
<td>79.9</td>
<td>14%</td>
<td>11.2</td>
</tr>
<tr>
<td>3. Uttaranchal Watershed</td>
<td>20-May-04</td>
<td>31-Mar-12</td>
<td>69.6</td>
<td>100%</td>
<td>69.6</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td><strong>97.2</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>National/Multistate Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. AIDS Prevention and Control II</td>
<td>15-Jun-99</td>
<td>31-Mar-06</td>
<td>191</td>
<td>1%</td>
<td>1.8</td>
</tr>
<tr>
<td>5. Immunization Strengthening Project</td>
<td>25-Apr-00</td>
<td>31-Dec-05</td>
<td>226</td>
<td>1%</td>
<td>2.3</td>
</tr>
<tr>
<td>6. TA for Economic Reform Project</td>
<td>05-Dec-00</td>
<td>31-Dec-05</td>
<td>33</td>
<td>18%</td>
<td>5.9</td>
</tr>
<tr>
<td>7. Tech/Engg Quality Improvement</td>
<td>14-Nov-02</td>
<td>30-Jun-08</td>
<td>209.9</td>
<td>3%</td>
<td>5.7</td>
</tr>
<tr>
<td>8. Tuberculosis Control</td>
<td>30-Jan-97</td>
<td>30-Sep-05</td>
<td>129.4</td>
<td>1%</td>
<td>1.3</td>
</tr>
<tr>
<td>10. Women &amp; Child Development</td>
<td>29-Jun-98</td>
<td>31-Mar-06</td>
<td>274.9</td>
<td>1%</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td></td>
<td></td>
<td><strong>50.9</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total value of portfolio in Uttaranchal (US$ M)</strong></td>
<td></td>
<td></td>
<td><strong>148.1</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Ongoing Bank projects in Uttaranchal

1. Uttaranchal Decentralized Watershed Development Project
   Approval Date: 20 May 2004
   Closing Date: 31 March 2012
   Commitment Amount: US$ 69.6 million
   Percentage Disbursed: 6 percent (As of 30 June 2005)
   Sector: Agriculture and Rural Development
   Implementing Agency: Government of Uttaranchal

**Context:**
Agriculture is the main source of household income in Uttaranchal’s hill economy, with over 70 percent of the hills’ population engaged in it. However, agricultural incomes remain low because of: (i) small and scattered land holdings; (ii) subsistence farming, based on cereal crop production, dairy cattle and exploitation of forest biomass; (iii) low productivity of subsistence cereals (12-14 quintals/ha in the hills as against 32-35 quintals/ha in the plains); (iv) fragile soils with steep slopes, 87 percent of which is
highly prone to soil erosion during monsoon seasons; (v) villages in the hills are widely dispersed, often with several separate hamlets, and are poorly accessible; and, (vi) inadequate basic rural infrastructure.

**Project Development Objectives:**
To expand the geographical coverage of some 20 sub-watersheds in the middle Himalayan hills of Uttaranchal by encouraging diversified cropping and improved farming techniques and by adopting a watershed approach for a sustainable management of natural resources.

**Project Components:**
- Promoting community-driven decision-making and financing a participatory watershed planning at the village level;
- Enhancing livelihood opportunities – through (i) improvements in the farming system, increasing the role of the private sector in input supply and support services, and by increasing the participation of farmers in the choice of technologies. (ii) value-add and marketing support (iii) income-generating activities for vulnerable groups; and
- Capacity building -- of *gram panchayats* and local community institutions.

**Location/Scale:**
A total of about 300,000 ha in the middle Himalayas ranging from 700 m to 2,000 m above sea level will be treated by this Project. Some 7,800 households in about 450 *gram panchayats* spread across about 19 blocks (Bhikiyasain, Choukhutiya, Dwarhat, Bageshwar, Garur, Kapkot, Lohaghat, Gangolihat, Munakot, Vin, Kalsi, Chinyalisaur, Jaunpur, Thouldhar, Augustmuni, Gairsain, Kamprayag, Dwarikhal, and Jaiharikhal) will benefit from the Project.

**Status:**
Work has started on mobilizing the first batch of 50 *gram panchayats* in the Garhwal and Kumaon regions.
MULTI-STATE PROJECTS

1. Tsunami Emergency Reconstruction Project

Approval Date: 3 May 2005
Closing Date: 30 April 2008
Commitment Amount: US$ 423 million
Percentage Disbursed: nil (As of 30 June 2005)
Sector: Infrastructure
Implementing Agency: Government of India through the state governments

Context:
The tsunami which hit the coastal region of India on December 26, 2004 caused overall estimated damages of US$1 billion in Tamil Nadu and Pondicherry alone.

Project Development Objective:
To support the efforts of the Governments of India, Tamil Nadu and Pondicherry to revive livelihoods and promote recovery in the tsunami-affected areas.

Project Components:
- Housing Reconstruction – This includes (i) provision of transit shelters; (ii) repair and reconstruction of existing houses, construction of new houses and infrastructure such as roads, water supply and sanitation, electrification, etc rainwater harvesting structure as necessary, as well as limited community infrastructure facilities such as community halls, anganwadis (nursery schools), primary schools, etc.; and (iii) resettlement of the families affected by the Project.
- Restoration of Livelihoods – This includes (i) restoration of damaged fisheries infrastructure, such as harbors, patrol boats, etc., and reestablishment of safety-at-sea systems/services; (ii) restoration of damaged agricultural lands and horticultural lands, farm ponds and dug wells; (iii) repair/reconstruction of damaged infrastructure relating to animal husbandry; and (iv) promotion of sustainable management of coastal land and water resources.
- Public Buildings and Public Works – This component will help finance small public works such as repair, reconstruction and upgrading of damaged hospitals, public health centers/sub-centers, educational institutions, cyclone shelters and other public buildings, restoration of damaged river and drain banks, and plantation/replanting of mangrove and shelter belts in Tamil Nadu.
- Technical Assistance and Training – This includes finance for: (i) technical assistance and capacity building for housing reconstruction; (ii) preparation of social and environmental management plans in accordance with the agreed Environment and Social Management Framework (ESMF); (iii) community participation to ensure involvement of the affected communities; (iv) studies for assessment of the vulnerabilities and longer term issues and the needs associated with coastal zone protection; (v) environmental studies on coastal water quality,
ground water quality, pollution of tidal influenced water bodies and capacity building among various stakeholders and hazard risk management, with special focus on the vulnerabilities (including economic aspects) with Nagapattinam district of Tamil Nadu and Karaikal region of Pondicherry; and (f) updating the management plans under the Coastal Regulation Zone Notification, etc.

- Implementation Support -- This component will help finance project management and other operating costs associated with project implementation.

**Location/Scale:**
Areas affected due to the tsunami in Tamil Nadu and Pondicherry.

**Status:**
To be updated by TTL

2. SME Financing and Development Project

**Approval Date:** 30 November 2004  
**Closing Date:** 30 June 2008  
**Commitment Amount:** US$ 120 million  
**Percentage Disbursed:** 33.8 percent (As of 30 June 2005)  
**Sector:** Finance and Private Sector Development  
**Implementing Agency:** Small Industries Development Bank of India

**Context:**
While there is a widespread recognition within India that vibrant small and medium enterprises (SMEs) are a potential engine of job creation and poverty reduction, SMEs face entrenched problems in accessing adequate, timely financing on competitive terms. This has held back the establishment of small units, their graduation to medium enterprises, and the overall growth and development of the SME sector.

**Project Development Objective:**
To improve SME access to finance (including term finance), and business development services, thereby fostering SME growth, competitiveness, and employment creation, key to achieving economic growth and poverty reduction.

**Project Components:**
- Credit Facility – to address term financing constraints faced by banks in their SME lending, and hence, enable SMEs to access longer term funds needed for capital formation, and technological up-grading.
- Risk Sharing Facility -- designed to accelerate commercial bank financing to SMEs through the establishment of a commercially viable, self-sustaining Risk Sharing Guarantee Company that will provide partial credit risk cover to banks for their SME lending portfolios.
- Policy and Institutional Development Technical Assistance -- designed to address the longer term developmental challenges of policy, regulatory, and institutional reforms, and as well, capacity building of the Small Industries Development Bank
of India (SIDBI) and commercial banks to support efficient SME financing and business development services

Location/Scale:

Status
The Project has become effective only earlier this year and is yet to show discernible results on the ground.

3. Rural Roads
Approval Date: 23 September 2004
Closing Date: 31 March 2010
Commitment Amount: US$ 399.5 million
Percentage Disbursed: 6.1 percent (As of 30 June 2005)
Sector: Transport
Implementing Agency: State Rural Road Development Agencies

Context:
An estimated 36 percent of the 825,000 habitations' in India don’t have all-weather roads. These low levels of access are partly due to a lack of adequate maintenance on the existing large rural road network of approximately 2.7 million km. More resources are often steered towards new construction rather than for preserving existing roads. This Project is being proposed as the first in several credits/loans to the Government of India to support the implementation of the Central government’s ambitious program, the Pradhan Mantri Gram Sadak Yojana (PMGSY).

Project Development Objectives:
To achieve broader, and more sustainable access to markets, and social services by the rural population in participating districts.

Project Components:
- Providing access through the construction and upgradation of rural roads that form part of the core rural road network in participating districts, and in addition, the necessary environmental and social management measures, resettlement of project affected persons, and technical review of the rural road agency designs and supervision will be implemented;
- Implementing annual periodic and routine maintenance programs of the remaining core rural network in participating districts; and,
- Supporting institutional development and providing technical assistance and goods for the program implementation

Location
60 percent of the districts in four of the most poorly connected states -- Himachal Pradesh, Jharkhand, Rajasthan and Uttar Pradesh.
Status:
For the upgrading component, progress is satisfactory for all states bar Jharkhand where works have yet to start. In all states, procurement has been slower than expected and, while physical progress with work that has been awarded appears to be reasonable, the general quality of work and application of agreed safeguard measures need some attention. A clearer picture of progress will begin to take shape by 2006.

4. Carbon Tetrachloride (CTC) Sector Phaseout Project – ODS IV
Approval Date: 21 September 2004
Closing Date: 30 September 2011
Grant Amount: US$ 40 million
Percentage Disbursed: 9.4 percent (As of 30 June 2005)
Sector Environmental
Implementing Agency: Ministry of Environment and Forests, Government of India

Context:
The Government of India ratified the Montreal Protocol in 1992, making the country eligible for financial support from the Multilateral Fund for implementing the Montreal Protocol. India was the second largest consumer of ozone-depleting substances among developing countries and that its efforts are essential for the long-term recovery of the ozone layer.

Project Development Objective:
To support the government of India’s objective to reduce its Protocol-controlled CTC production and consumption levels to 0 percent of its baseline level (the average level between 1998 and 2000) by 1 January 2010.

Project Components:
The Project will compensate beneficiary CTC-using enterprises that convert their manufacturing/production facilities to non-CTC technologies. This compensation will go towards meeting the incremental costs associated with the introduction of CTC actually utilized during the baseline year.

Location/Scale:
The target CTC-using sectors are process agents (including chlorinated rubber, chlorinated paraffin and pharmaceuticals) and solvents.

Status:
The implementation has begun in early 2005 but is off to a quick start with about 40 conversion sub-projects already in the pipeline.

5. Hydrology II Project
Approval Date: 24 August 2004
Closing Date: 28 February 2011
Commitment Amount: US$ 104.98 million
Percentage Disbursed: nil
Sector: Ministry of Water Resources, Government of India and in the state governments

Context:
A reliable database providing scientifically-verified, uniformly acceptable and widely-accessible historical records for all aspects of the hydrological cycle is an essential pre-requisite for sound planning and development of water resources. It is in this light that the government’s national water policy places emphasis on the development of a hydrologic information system for water-related data in its entirety.

Project Development Objective:
To extend and promote the sustained and effective use of the Hydrological Information System by all potential users concerned with water resources planning and management, both public and private, thereby contributing to improved productivity and cost-effectiveness of water-related investments in 13 states and eight Central agencies.

Project Components:
- Institutional strengthening -- consisting of consolidation of the first phase of the Hydrology Project; awareness raising, dissemination and knowledge sharing; and implementation support;
- Vertical extension -- comprising development of hydrological design aids; development of decision support systems; and implementation of purpose-driven studies; and
- Horizontal expansion -- supporting upgrading/establishment of data collection network; establishment of data processing and management systems; purpose-driven studies; and training

Location/Scale:
The Project will cover the states of Andhra Pradesh, Gujarat, Maharashtra, Karnataka, Kerala, Madhya Pradesh, Chhattisgarh, Orissa, Tamil Nadu, Himachal Pradesh, Goa, Pondicherry and Punjab, as well as Central agencies including the Ministry of Water Resources, Central Water Commission, Central Groundwater Board, National Institute of Hydrology, Central Water and Power Research Station, India Meteorological Department, Central Pollution Control Board, and the Bhakra-Beas Management Board.

Status:
The Project has yet to be signed.

6. Integrated Disease Surveillance Project
Approval Date: 8 July 2004
Closing Date: 31 March 2010
Commitment Amount: US$ 68 million
Percentage Disbursed: 10 percent (As of 30 June 2005)
Sector: Health
Implementing Agency: Ministry of Health and Family Welfare, Government of India

Context:
Disease surveillance in India in its present form is an aggregation of individual, disease-specific initiatives.

Project Development Objective:
To improve information available to government health services and private health care providers, on a set of high-priority diseases and risk factors, with a view to improving the grassroots responses to such diseases and risk factors. The Project will assist the Central and state governments shift from a centrally-driven, vertically-organized disease surveillance system to one which is coordinated by the Centre and implemented by the states, districts and communities.

Project Components:
- Establishing and operating a central-level disease surveillance unit under the Ministry of Health and Family Welfare;
- Integrating and strengthening disease surveillance at the state and district levels -- addressing coordination constraints at the sub-national levels, the limited use of modern technology and data management techniques, and, the need to include stakeholder participation, including communities' involvement, and the private sector;
- Improving laboratory support -- upgrading laboratories at the state level to improve laboratory surveillance activities.
- Training for disease surveillance and action -- to support the changes envisaged under the first three components; to coordinate training to reorient health staff towards an integrated surveillance system; and to provide the new skills needed.

Location/Scale:
Phase I will cover Andhra Pradesh, Himachal Pradesh, Kamataka, Kerala, Madhya Pradesh, Maharashtra, Mizoram, Tamil Nadu and Uttaranchal. Phase II is expected to include another 13 states and Phase III the remaining states and Union Territories.

Status:
Although implementation has just about started, considerable progress has been made. The nine Phase I states have established central disease surveillance units. A procurement agent for the Project has been appointed and bidding for laboratory equipment will also start soon.

7. Elementary Education Project (Sarva Shiksha Abhiyan)
Approval Date: 20 April 2004
Closing Date: 31 December 2007
Commitment Amount: US$ 500 million
Percentage Disbursed: 27.8 percent (As of 30 June 2005)
Sector: Education
Implementing Agency: Ministry of Human Resource Development, Government of India

Context:
Despite taking net enrollment of the 6-to-10-year-olds from 68 to 82 percent in the 1990s, India accounts for one-quarter of the world’s 104 million out-of-school children; 13 percent of children in the 6 to 14 age group are still out of school. Moreover, disparities, between boys and girls, between regions, and between rural and urban children persist.

The government of India’s Sarva Shiksha Abhiyan seeks to achieve universal education in India. While the major funding for the program comes from GOI and the states/union territories, external development partners like the World Bank, Department for International Development and the European Commission are also supporting the program.

Project Development Objective:
To assist the government of India in its efforts to achieve universal elementary education, and, support educational development that contributes to participative economic growth and poverty alleviation. Specific targets are: (i) to reduce out-of-school children by at least 9 million with an increase in enrollment; (ii) to narrow existing gender and social gaps; and (iii) to enhance the quality of education.

Project Components:
- Improving access to elementary education – by establishing, constructing, and extending primary and upper primary schools; providing training in social mobilization and educational management; ensuring the salaries of teachers hired under the program; and, supporting interventions to enroll out-of-school children.
- Narrowing existing gender and social gaps -- the project shall provision school textbooks to girls and students from scheduled castes and scheduled tribes; support special schools and facilities for girls, which includes adequate residential schools; ensure female teachers are available, to aim at parity with male teachers; and, provide grants to districts to support students with disability.
- Improving quality of education – teachers will be trained, and, school grants for repair and maintenance, materials and equipment, as well as for learning materials will be financed

Location/Scale:
Nationwide.

Status:
The Project seems to be far outstripping its targets. Between 2002 and 2005, an estimated 11.5 million out-of-school children were enrolled, much in excess of the end-of-Project target of 9 million children. The number of girls enrolled in the primary stage has improved from 44 per cent in 2002-03 to 47 per cent in 2003-04.
As regards the objective of quality improvement, there is evidence of appointment of large number of teachers to address the issue of Pupil-Teacher Ratio, increased availability of textbooks, Teaching-Learning Materials, and onsite support system for teachers. Greater decentralization and community participation is also evident, with village education committees slowly taking charge of the construction of schools and managing school grants under the program.

That said, states like UP, Bihar and West Bengal still have a large concentration of out-of-school children. The government of India needs to increase focus on the weaker performing states, districts and blocks for a more targeted approach.

Given the government of India’s high budget allocation and the excellent implementation progress resulting in high levels of expenditure, disbursement for 2004-05 exceeds planned levels. It is estimated that by December 2005, US$ 328.45 million would be disbursed against expenditures for 2003-04 and 2004-05. This would leave a balance of approximately US$ 171.5 million in the credit which includes an advance of US$ 75 million. The Project may thus close ahead of schedule by 12-18 months.

8. India Immunization Strengthening Project
(Supplementary credit)
Approval Date: 16 December 2003
Closing Date: na
Commitment Amount: US$ 83.41 million (Supplementary Credit)
Percentage Disbursed: 100 percent
Sector: Health
Implementing Agency: Ministry of Health and Family Welfare, Government of India

This supplemental credit to the Immunization Strengthening Project approved in April 2000 is consistent with the original Project’s development objective, i.e., to eradicate poliomyelitis from India through intensified supplemental activities. This supplemental financing avoids the risk of disrupting the implementation of the final phase of India’s polio eradication effort. The supplies of additional polio vaccine under the proposed supplemental credit will assist in the achievement of the original project objective of polio eradication

9. Allahabad Bypass Project
Approval Date: 14 October 2003
Closing Date: 30 June 2009
Commitment Amount: US$ 240 million
Percentage Disbursed: 16.8 percent (As of 30 June 2005)
Sector: Transport
Implementing Agency: National Highways Authority of India (NHAi)
**Context:**  
The Government of India’s National Highway Development Program aims to upgrade 13,000 km of core national highways network by 2007. The Bank is supporting this program through a series of credits, this being the third.

**Project Development Objective:**  
To (i) reduce transport constraints on national economic activities and (ii) improve institutional capabilities to manage road programs, assets, and services on a more commercial basis

**Project Components:**  
- Bypass construction – to fund the construction of the 84.7 km bypass located on the northern outskirts of Allahabad City. The bypass will be an access-controlled highway with a 1 km bridge over the Ganga.
- Corridor management – to fund the procurement of private operators under performance-based contracts for the operations and maintenance of Ahmedabad-Vadodara Expressway or selected national highway stretches, and the procurement and installation of toll collection systems and automatic traffic management systems.
- Institutional strengthening – to fund independent and periodic user-satisfaction surveys.

**Location/Scale:**  
See above

**Status:**  
The three packages (with works contracts totalling approximately US$ 225 million) that comprise the construction of the bypass have been launched. However, progress remains slow with only one-fourth of the work for the bridge over the Ganga completed and work just about begun on one of the two planned approach roads.

The slow progress is due largely to the inadequate capacity of the contractors, as well as delays in handing over encumbrance-free sites to the contractors. The works are expected to pick up towards the end of 2005 and are likely to be completed prior to the scheduled loan closing in June 2009.

**10. Food and Drugs Capacity Building Project**  
Approval Date: 5 June 2003  
Closing Date: 30 June 2008  
Commitment Amount: US$ 54.03 million  
Percentage Disbursed: 7.3 percent (As of 30 June 2005)  
Sector:  
Implementing Agency: Ministry of Health and Family Welfare, Government of India
Context:
There is an increasing concern in India about unsafe foods and their effect on the health of the population. While there are regulations for ensuring food safety, enforcement remains weak and methods outdated. In pharmaceuticals, while the Indian government has succeeded in ensuring the availability of reasonably priced drugs and promoting the growth of a vibrant domestic industry, uniform quality remains elusive.

Project Development Objective:
To improve the quality and safety of foods and drugs in India, by strengthening the regulatory framework and incorporating components of consumer education and public-private partnerships.

Project Components:
- Policy development-- activities shall include: (i) Policy studies and reviews to underpin the formulation of policy and institutional reforms, as well as workshops, and consultations with stakeholders. (ii) Monitoring activities, i.e., the implementation of household surveys to assess knowledge on the quality, and safety of foods and drugs, and, independent audits on public and private laboratories. (iii) The establishment, and operation of a computerized management information system to enhance information flows and coordination between the Central and State regulatory agencies.
- Strengthen the government’s regulatory capacity for food safety at the Central and State levels, to upgrade related skills in the private sector. Specific activities include: i) a consumer awareness program, and knowledge of food safety issues, and, training provision to food inspectors and analysts in public sector laboratories. ii) private sector staff training, in advocacy and other skills for consumer organizations in the country. iii) development and dissemination of Hazard Analysis Critical Control Point (HACCP) standards, and, construction of laboratories.
- Strengthen the government’s regulatory capacity for ensuring drugs quality at the Central and State levels, and upgrade related skills in the private sector. Consumer awareness will be improved regarding the rational use of drugs, supported by professionals, agencies, and NGOs. In addition, training will be provided to regulatory, and qualified staff, and industry personnel, while pharmaceutical standards will be updated. Civil works, equipment and furniture, laboratory supplies, and technical assistance, will be financed.

Location/Scale:
Nationwide

Status:
Despite good progress in areas like policy development -- including the formulation of a new comprehensive Food Law which is awaiting Cabinet approval -- and training, the overall Project implementation is slow. Several important activities like conducting the baseline survey have been delayed and there is a large backlog in procurement of equipment.
Public sector and industry partnership is evident at the national level with industry associations and consumer organizations being included in statutory bodies such as the Drug Technical Advisory Board, the Central Committee for Food Standards, and the Codex Committee. Hazard Analysis Critical Control Point standards have been developed for priority food sectors of dairy, meat and poultry, fruit and vegetables, the hospitality sector, and bakeries, and relevant training of private industry has begun.

11. Technical/Engineering Education Quality Improvement Project

**Approval Date:** 14 November 2002  
**Closing Date:** 30 June 2008  
**Commitment Amount:** US$ 250 million  
**Percentage Disbursed:** 6 percent (As of 30 June 2005)

**Sector:**  
**Implementing Agency:** Ministry of Human Resource Development

**Context:**  
The liberalization of the Indian economy, its gradual integration with the world economy and its rapid transformation into a knowledge-based society are increasing the demand for a well-trained workforce.

**Project Development Objective:**  
To raise the productivity and competitiveness of the Indian economy through reforms in the technical/engineering education system; this will help create an order of high quality technical professionals.

**Project Components:**
- Institutional Development -- comprises three sub-components: (i) promoting academic excellence; (ii) networking institutions for quality enhancement and resource sharing; and (iii) enhancing quality and reach of services to the community and the economy.
- System Management Capacity Improvement -- supports (i) developing a modern management style through training of policy-planners, managers, and administrators from the central and participating state governments; (ii) conducting studies at the state and national levels, the findings of which would be used for improving policy and decision-making processes, and implementing reforms; (iii) enhancing performance and the quality and efficiency of state audits of institutions; and (iv) establishing structures and facilities for program management at the central and state levels

**Location/Scale:**  
The states of Haryana, Himachal Pradesh, Kerala, Maharashtra, Madhya Pradesh and Uttar Pradesh joined the Project initially, and for them the Project became effective on March 12, 2003. Subsequently another seven states (Andhra Pradesh, Gujarat, Jharkhand,
Karnataka, Tamil Nadu, Uttarakhand, and West Bengal joined the Project, and for them the Project became effective on July 8, 2004.

**Status:**
The Project is about one year behind schedule. Although a lot of efforts has been made by the government of India and the Bank teams to put it back on track, the periodic changes of senior state officials in all 13 participating states is affecting implementation. The states have also delayed action on several of the institutional reforms that are the main thrust of the Project.

Although two batches of institutions have been selected and funds released to most of them, the start-up delays, delays in compliance with several obligations by states, and bureaucratic hurdles in facilitating institutional reforms are still coming in the way of implementation of the Project.

12. Grand Trunk Road Improvement Project

**Approval Date:** 21 June 2001
**Closing Date:** 31 December 2006
**Commitment Amount:** US$ 589 million
**Percentage Disbursed:** 44.1 percent (As of 30 June 2005)
**Sector:** Transport
**Implementing Agency:** National Highways Authority of India

**Context:**
India has a national highway network of about 57,700 km, which accounts for about 1.7 percent of the total road network of 3.3 million km. These highways carry over 40 percent of the country’s road traffic. However, over 95 percent of the national highways are two-lane roads or even narrower, and a significant proportion has poor surface conditions. This is the second in a series of loans to the Government of India’s National Highway Development Program.

**Project Development Objective:**
To reduce transport constraints on national economic activity and to improve institutional capabilities to manage road programs, assets and services on a more commercial basis.

**Project Components:**
- Highway upgrading – this includes civil works for widening and strengthening highway lanes, supervision consultant services, as well as funding land acquisition, utility relocation, resettlement and rehabilitation, and environmental mitigation/management.
- Road safety and corridor management works – this includes a safety audit, a program of road improvements specifically targeted at supporting improved methods for reducing accidents and improving safety on the national highway network, and a program of maintenance works to introduce alternative contracting methods and to strengthen maintenance management practices.
- Public-private partnership in road concession
• Social and environmental rehabilitation.

Location/Scale:
Eight stretches between Agra in Uttar Pradesh and Barwa Adda in Jharkhand on National Highway 2, popularly known as the Grand Trunk Road.

Status:
Seven works contracts for upgrading highways totalling approximately US$ 500 million started in March 2002 and were originally scheduled to be completed by March 2005, but progress has been slower than planned. However, though implementation of highway upgrading has been delayed, benefits have already been partially realized with improved travel speeds in stretches where the highway has been four-laned.

Regarding public-private partnership in operating a road concession, NHAI has completed some of the formalities in the procurement of the concessionaire for the Trichy – Tindivanam section of NH-45.

13. Second Powergrid System Development Project
Approval Date: 3 May 2001
Closing Date: 30 June 2006
Commitment Amount: US$ 450 million
Percentage Disbursed: 74.2 percent (As of 30 June 2005)
Sector: Energy
Implementing Agency: Powergrid Corporation of India Ltd.

Context:
Although India's power system has grown steadily, potential demand for electricity continues to outstrip available supply. Current shortages are estimated at about 10 percent of energy and 20 percent of peak capacity and are expected to grow in the years ahead.

Established to implement the Government of India’s restructuring program for the power sector, Powergrid constructs and operates India's regional transmission systems and provides transmission service to generators and state utilities. In parallel, Powergrid is developing modern system coordination and control facilities (including load dispatch systems for state utilities) and regional power pools.

Project Development Objective:
To help restructure power transmission and system operations; support institutional development; and help promote and leverage greater private investment in the power sector.

Project Components:
The Project will support Powergrid’s implementation of: (i) power system coordination and control facilities for the Eastern and Western regions; (ii) transmission system development, including inter-regional transmission links from the Eastern region to the Northern, Southern and Western regions and related regional transmission system
reinforcement programs; (iii) technical assistance for institutional development and training, including promoting private sector participation in the power sector and assessing Powergrid’s proposed diversification into telecommunications; and (iv) the completion of similar facilities and activities financed by the Bank under the loans for the Northern Region Transmission Project and for the Powergrid System Development Project I.

**Status:**
The Project, well into the third year of operation, is progressing well. The objective of initiating institutional and regulatory reforms has been furthered by the comprehensive new Electricity Act promulgated in June 2003. Tariff and market reforms have had some positive movement in terms of significantly improved grid discipline, merit order operation, better voltage profiles and trading at margin, etc. The first private transmission joint venture is also under implementation. Regarding Powergrid’s commercial arrangements, the accounts receivables, as of end 2004, stood at 2.61 months as against the targeted four months’ billing.

**14. Third Technician Education Project**

**Approval Date:** 7 September 2000  
**Closing Date:** 30 June 2006  
**Commitment Amount:** US$ 64.9 million  
**Percentage Disbursed:** 72.5 percent (As of 30 June 2005)  
**Sector:** Education  
**Implementing Agency:** Ministry of Human Resource Development and relevant states

**Context:**
Most of the states in north-east India have comparatively small populations, and have already achieved rates of primary and secondary school enrollments and literacy rates that are much higher than the national average. However, despite the existence of a better educated labor force and considerable natural resources, these states have not been able to benefit much from the ongoing economic reforms due to their location disadvantage, difficult terrain, extremely low population densities, and lack of competent technical manpower.

**Project Development Objective:**
To assist the remote as well as industrially and economically under-developed states expand capacity and improve the quality of technician education, in accordance with the specific needs of each state.

**Project Components:**
- Develop and expand capacity -- by establishing six new educational polytechnics, and a skill development center. Furthermore, existing polytechnics will be strengthened, with the introduction of new programs tailored to industry requirements and community needs.
- Enhance the quality of education -- by modernizing existing laboratories and workshops, developing and revising curricula to meet labor market needs, and entrepreneurial requirements. Learning resources will be improved, promoting interaction with industry and community members; and,
- Improve efficiency of state boards, council, or directorates in dealing with technician education -- by conducting research studies for systemic reforms, instituting computer-based project and financial management systems, and providing substantial academic and financial autonomy to Project polytechnics

**Location/Scale:**
The Project will cover 12 existing and six new polytechnics in the north-eastern states of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, as well as the state of Jammu and Kashmir, and the Union Territory of Andaman and Nicobar.

**Status:**
The Project has seen the establishment of seven new polytechnics. Curricula of all existing diploma programs have been revised and 47 new programs added keeping in mind requirements of potential employers in industry. There has been a significant increase in student enrollment -- up to 300 percent more than the pre-Project status -- and retention in these institutions. More than 55 percent of faculty and staff have been trained, including exposure to international institutions. A substantial portion of the civil works has also been completed.

While Andaman & Nicobar and Sikkim remain the forerunners in effective implementation, J&K, Mizoram, Meghalaya and Arunachal Pradesh are making steady progress. There are concerns about Tripura which has failed to take some critical steps, and the flow of funds remains a problem in Nagaland. Incidentally, the two polytechnics in A&N Islands rendered commendable service in providing emergency assistance to the people affected by the Tsunami.

15. Second Renewable Energy Project

**Approval Date:** 27 June 2000
**Closing Date:** 31 March 2007
**Commitment Amount:** US$ 130 million
**Percentage Disbursed:** 48.4 percent (As of 30 June 2005)
**Sector:** Energy
**Implementing Agency:** Indian Renewable Energy Development Agency (IREDA)

**Context:**
Given India’s energy supply shortages and keeping in mind the need for environmentally-sustainable energy investments, the government is accelerating the development of the country’s renewable energy resources so as to increase their contribution to power supply. This Project will mobilize private investments and management resources in small-scale power generation by tapping the country's vast hydro resources.
**Project Development Objective:**
To (i) increase power supply; (ii) mobilize private sector investments in renewable energy power projects; and (iii) promote energy efficiency and demand-side management investments.

**Project Components:**
- Finance for small hydro investments by the private sector
- Enhancing energy efficiency -- this component will finance investments associated with: (i) design, development and implementation of integrated energy management services operated by service companies and end-users on a performance guarantee basis; (ii) purchase and installation of energy efficiency and/or load management devices and systems; (iii) production of energy efficient equipment; and, (iv) end-user participation in state energy board- and other utility-sponsored demand-side management programs.
- Technical assistance – this component will finance pre-investment activities that develop a sustainable pipeline of energy-efficient investments and standard bidding document preparation; establish in-house capacity within IREDA to appraise, supervise, and promote energy efficiency services and schemes; assist in promoting end-use efficiency; and train officials and staff

**Location/Scale:**
600 small hydro schemes with an aggregate capacity of 1,580 MW have been identified in nine states, with more sites being identified elsewhere.

**Status:**
With only 39 small hydro projects in various stages of implementation, the Project is significantly behind track on this component and was restructured in June 2005 when US$ 18 million of uncommitted funds were cancelled. The Project was also extended by a year and it is estimated that an additional 24 projects will be added to the portfolio by the time the Project closes in March 2007. This will bring the additional capacity created to 250.15 MW. IREDA is also trying to expand its pipeline of energy efficiency projects.

16. Third National Highways Development Project

| Approval Date:   | 8 June 2000 |
| Closing Date:   | 30 June 2006 |
| Commitment Amount: | US$ 516 million |
| Percentage Disbursed: | 56.6 percent (As of 30 June 2005) |
| Sector | Transport |
| Implementing Agency: | National Highways Authority of India (NHAI) |

**Context:**
India has a national highway network of about 57,700 km, which accounts for about 1.7 percent of the total road network of 3.3 million km. These highways carry over 40 percent of the country’s road traffic. However, over 95 percent of the national highways are two-lane roads or even narrower, and a significant proportion has poor surface
conditions. This is the first in a series of loans to the Government of India’s National Highway Development Program.

**Project Development Objectives:**
To reduce transport constraints on economic activity and reduce transport costs; and to improve institutional capabilities to manage road programs, assets, and services.

**Project Components:**
- Highway upgrading – this component finances civil works for widening and strengthening the Delhi-Kolkata national highway from two-lanes to a four-six lane, divided carriageway with service roads. This component also supports environmental management including tree planting; project supervision; land acquisition; resettlement and utility relocation; and project management costs.
- Maintenance works -- to introduce alternative contracting methods and to strengthen maintenance management practices. It also finances a program of minor improvements specifically targeted at supporting improved methods for traffic delays and accidents.
- Consultancy services -- to develop and implement an institutional strengthening program, for a road information system, for two pilot corridor management units, and to prepare minor improvement proposals as well as funding a road safety policy study and training and staff development programs.

**Location/Scale:**
The major Project works will be implemented on the Delhi-Kolkata National Highway in Uttar Pradesh and Bihar, which are two of the most populous and least developed states in India. Seven packages with a total length of 477.35 km have been identified along the Agra-Dhanbad stretch.

**Status:**
The upgrading for eight highways works was begun between February and September 2001 and was scheduled for completion by March 2005. However, only one of these roads – the 43 km-stretch between Khaga and Kokhraj in UP -- is complete and overall progress in financial terms remains at 60 percent. One of the planned highway stretches – between Fatehpur and Khaga – is unlikely to be completed within the Project’s lifespan.

The main reasons for slow progress are: (i) inadequate capacity of the contractors; (ii) delays and uncertainties in handing over of encumbrance-free sites to the contractors; (iii) law and order difficulties in Bihar and Jharkhand; and (iv) cash flow problems with a few contractors due to low price quoted, slow progress, and the recoveries required under the contract.

The corridor management and road safety works are moving apace with procurement on for all planned works on 980 km of highways.
17. In-Telecommunications Sector Reform Technical Assistance Project

Approval Date: 6 June 2000
Closing Date: 31 March 2006
Commitment Amount: US$ 62 million
Percentage Disbursed: 72.7 percent (As of 30 June 2005)
Sector: Telecommunications
Implementing Agency: Department of Telecommunications, Government of India

Context:
When the Project was initiated, the telecommunications sector had attained a growth rate of around 20 percent but was nowhere near meeting the rising demand for services. The main operator, the Department of Telecommunications (DoT), found it difficult to come close to world-class efficiency levels in an environment where it faced limited competition and was constrained by inflexible civil service procedures.

Project Development Objectives:
To strengthen policy and regulatory frameworks to enhance private investments and competition in the telecommunications sector in India.

Project Components:
The components will support the DoT in strengthening its policy-making capacity and modernize the Wireless Planning and Coordination (WPC) wing’s radio frequency management. This includes financing of software and hardware, in addition to building the capacity of the Telecommunications Engineering Center, and reviewing implications of telecommunications developments on sector policy in the country. Assistance to DoT and WPC will include financing of equipment, consulting services, and training.

Location/Scale:
Sectorwide

Status:
As a result of the implementation of reform measures, the structure and performance of the Indian telecommunications sector has been transformed and it has become a highly competitive market. Large-scale private investment has been made and there has been a rapid increase in telephone lines, especially in mobile services.

18. Technical Assistance for Economic Reforms

Approval Date: 12 May 2000
Closing Date: 31 Dec 2005
Commitment Amount: US$ 45 million
Percentage Disbursed: 42.6 percent (As of 30 June 2005)
Sector: ----------------------------------
Implementing Agency: Department of Economic Affairs, Ministry of Finance, Government of India
**Context:**
Reforms initiated by the Government of India (GOI) since 1991 have helped put the Indian economy on a higher growth path. India currently faces the challenge of deepening the reform program and addressing unresolved problems at all three levels of government -- Central, state, and municipal. The credit will fund sub-projects which are seeking to lead to policy and institutional reforms in a particular sphere.

**Project Development Objectives:**
To assist the Central, state, and municipal governments seeking reforms, through the design and implementation of selected reforms.

**Project Components:**
- Assist the government of Uttar Pradesh with the design and implementation of tax reforms, providing technical assistance (TA) to improve corporate aspects of the Trade Tax Department and its organizational structure through computerization, and with the introduction of a value added tax system; expenditure management will address the medium-term macroeconomic, and fiscal policies and public enterprise reform will divest government enterprises to prod privatization within the commercial-public sector; municipal management will improve property tax reforms in a pilot city to further assess urban finances and institutional aspects; the establishment of poverty monitoring systems will be supported; and, comprehensive capacity building and training modules will address civil service reform.
- Improve the capacity of the Ministry of Statistics and Program Implementation by addressing current management practices. In addition, the government of Karnataka will implement power sector reforms through restructuring and privatization practices. The Ministry of Urban Development, and five other states have submitted proposals, currently under review.

**Location/Scale:**
Open to Central, state and municipal governments.

**Status:**
The credit funds a wide range of sub-projects from several states and Central departments in areas like reforms in power sector, introduction of Value-Added-Tax, capacity building programs for good governance and procurement reforms etc. Many of the sub-projects are being implemented and have had strong demonstration effects across states in India. Overall implementation of the Project has, however, been slower than envisaged.

**19. Immunization Strengthening Project**
- Approval Date: 25 April 2000
- Closing Date: 31 Dec 2005
- Commitment Amount: US$ 142.6 million
- Percentage Disbursed: 101.7 percent (As of 30 June 2005)
- Sector: Health
Implementing Agency: Department of Family Welfare, Government of India

Context:
Although India’s immunization program has accomplished a good deal, there is scope to enhance the control of vaccine-preventable diseases (VPD), especially in certain parts of the country where the overall program performance has been weak.

Project Development Objectives:
To help India eradicate poliomyelitis and reduce other vaccine-preventable diseases by strengthening the national routine immunization program.

Project Components:
- Help eradicate polio -- by supplying polio vaccine and funding social mobilization activities such as orientation and training, transport, information and education, surveys and evaluations, and other activities needed to assure coverage of the target population.
- Improve the quality of routine immunization – by addressing critical weaknesses in program management (such as monitoring, micro-planning, and training) and selectively upgrading cold chain and injection safety equipment, and improving disease surveillance capacity in selected laboratories. This component also supports activities required to develop a strategic framework to deal with vaccine-preventable diseases during the next 7-10 years.

Location/Scope:
The Project targets all children up to the age of five in order to eradicate polio and increase the coverage of the other five vaccines; it also targets all pregnant women for tetanus vaccine to prevent neonatal and maternal tetanus.

Status:
While the country is close to eradicating polio with only 14 cases reported this year up to April 2005 (against 136 in 2004), the challenge for India and its partners in polio eradication is achieving polio free status during 2005. However, there is some skepticism whether that will be feasible.

Moreover, continued emphasis on polio campaigns over the last few years appears to have adversely affected service delivery by the primary healthcare network on routine immunization. The Ministry of Health and Family Welfare is now taking steps to correct this.

20. Integrated Watershed Development Project (Hills II)
Approval Date: 15 June 1999
Closing Date: 30 Sept 2005
Commitment Amount: US$ 135 million
Percentage Disbursed: 95.1 percent (As of 30 June 2005)
Sector: Agriculture and Rural Development
Implementing Agency: Ministry of Agriculture, Government of India

Context:
The Shivalik ranges in north India form the meeting point between the mighty Himalayas and the Indo-Gangetic alluvial plain. Once covered by dense forests, the Shivaliks are almost totally denuded now, thanks to population pressures that have spurred demands for food, fodder and fuelwood in huge quantities. Today, they are among the eight most degraded rainfed eco-systems of India.

Project Development Objectives:
To improve India’s productive potential in five states using evolving watershed treatment technologies and community participatory approaches.

Project Components:
• Watershed Protection and Development – with three sub-components: (i) Sub-watershed treatment (this includes the repair of terraces and planting of vegetative barriers; improved cropping systems; development of horticulture and pasture development. (ii) Fodder and livestock development. (iii) Rural infrastructure development – constructing footpaths and footbridges; upgrading haats or rural marketplaces; potable water supply schemes; and water harvesting structures.
• Institutional Strengthening – with three sub-components: (i) Capacity building in communities; (ii) Strengthening policy reforms; (iii) Income generating activities for women; and (iv) Improving information management, monitoring and evaluation.

Location/Scale:
The Shivalik belt, arcing 650 km down from the state of Jammu and Kashmir, through the states of Himachal Pradesh, Punjab, and Haryana, right up to Uttaranchal.

Status:
Having achieved or surpassed its main performance indicators, the Project is concentrating on ensuring the sustainability of its interventions. Each state is preparing or has completed village-specific plans to keep alive the institutions and assets created under the Project. All states report important achievements with respect to mainstreaming of policies (like cost recovery and beneficiary contribution) and institutional practices related to watershed development as a result of the Project.

Among the major milestones achieved by the Project during its lifespan are widespread plantation (66,294 ha of forests and 5667 ha of horticultural plantation); setting up water harvesting structures (427,742 cubic meters of water harvesting capacity was built, which irrigated 12,272 ha of additional land); reducing run-off (by 13 percent across the
Shivaliks); refurbishing drinking water sources (more than 40,000 additional households have access to clean drinking water now); and helping improve rural connectivity in the hills through 445 km of macadam roads, 1,829 paved footpaths and 402 footbridges.


Approval Date: 15 June 1999
Closing Date: 31 Mar 2006
Commitment Amount: US$ 191 million
Percentage Disbursed: 87 percent (As of 30 June 2005)
Sector: Health
Implementing Agency: National AIDS Control Organization (NACO), Government of India

Context:
Global experience with HIV/AIDS shows that the most effective strategy to prevent an epidemic is to intervene quickly among high-risk groups. This Project was conceived to provide effective interventions such as counseling, condoms, treatment of sexually transmitted infections, client information and treatment to marginalized groups at high risk. The Project, which builds on the lessons learnt from the First National AIDS Control Project, will also support preventive interventions in the general community and increase capacity for low-cost AIDS care.

Project Development Objective:
To implement selected parts of the second phase of India’s national program, aimed at reducing the rate of growth of HIV infection in India; and to strengthen India’s capacity to respond to HIV/AIDS.

Project Components:
- Delivering cost-effective interventions against HIV/AIDS -- by (i) targeting interventions for groups at high risk, specifically commercial sex workers, injecting drug users, migrant workers, etc; (ii) providing locally appropriate information, communication, and awareness campaigns; voluntary testing and counseling; and a strengthened infrastructure for blood safety and hospital and occupational precaution programs; and (iii) establishing new sources of support for AIDS care in partnership with nongovernmental organizations.
- Financing institutional strengthening -- by enhancing planning, management, and implementation capacity at the national, state, and local levels; strengthening the leadership capacity of the health and family welfare ministry; conducting training; building capacity for ongoing monitoring and supervision; supporting operational research and research and development; and supporting broad social mobilization and cooperation and information.
Location/Scope:
Nationwide but with special focus on the following states and municipalities:
Ahmedabad, Andhra Pradesh, Chennai, Gujarat, Karnataka, Kerala, Maharastra,
Manipur, Mumbai, Nagaland, Tamil Nadu and West Bengal.

Status:
According to latest data available, the prevalence of HIV/AIDS patients in India seems to
hover around 0.7 to 0.8 percent since 1998, and thus, to date, HIV prevalence rates
appear to be stable.

The Project envisaged the efficient functioning of State AIDS Control Societies which
were also meant to manage the targeted intervention component. The greatest advance in
this context has been evident in surveillance, prevention of parent-to-child transmission,
blood banks, and condom promotion. However, targeted interventions, AIDS education
on AIDS, and multi-sectoral approaches continue to show progress but with a somewhat
mixed record. Staffing of the State AIDS Control Societies continues to be insufficient.
On the national level, financial management has slipped over the last few months but
NACO is taking steps to address this.

22. Woman and Child Development Project
Approval Date:    29 June 1998
Closing Date:    31 March 2006
Commitment Amount:  US$ 300 million
Percentage Disbursed:   81.5 per cent (As of 30 June 2005)
Sector:     Health
Implementing Agency:  Department of Woman and Child Development

Context:
At the close of the 1990s, more than half of India’s children were underweight, one-third
of newborns were of low birth weight and more than half Indian women were anaemic.
Malnutrition was, thus, a major constraint to human development.

Project Development Objectives:
To improve the nutrition and health of pre-school-aged children and women, by
increasing the quality, impact, and cost-effectiveness of the Integrated Child
Development Services (ICDS) program.

Project Components:
• Strengthening service delivery at the village level – this component finances
  supplemental feeding, immunization, psychosocial development of the child,
  including pre-school education, and healthcare for adolescent girls.
• Supplying equipment and supporting communication training and campaigns as
  well as community mobilization activities.
• Establishing a central management unit at the center.
Training

Location/Scope:
The Project will focus on the ICDS program in the states Kerala, Maharashtra, Rajasthan, Tamil Nadu, and Uttar Pradesh and will, in addition, aim to improve the quality of worker training in the remaining states and Union territories.

Status:
Some 3.2 million infants between six months and three years of age; some 3.9 million children between the age of three and five; and some 1.6 million pregnant and lactating women have received nutritional benefits under the Project. Also, the growth patterns of some 4.5 million infants up to the age of three years are being monitored closely.

As expected, there is variation in performance across participating states. The end-line impact survey is currently being carried out and should confirm that progress has translated into better nutritional status for women and children in poor households.

23. Malaria Control Project
Approval Date:    12 June 1997
Closing Date:    31 Oct 2005
Commitment Amount:  US$ 164.8 million
Percentage Disbursed:   79.1 percent (As of 30 June 2005)
Sector:     Health
Implementing Agency:  Ministry of Health and Family Welfare

Context:
With almost three million reported malaria cases each year and over 1,000 deaths from it, India was facing substantial social and economic losses from the disease. Malaria, moreover, is a disease most common to the rural poor, among especially tribal peoples.

Project Development Objectives:
To help India (i) create an enhanced malaria control program that uses a better mix of effective malaria control interventions responsive to local needs; and (ii) strengthen the Directorate of the National Malaria Eradication Program and modifies its orientation.

Project Components:
• Improve the quality and accessibility of malaria detection and treatment – this component will finance drugs, laboratory supplies and equipment, training and salaries;
• Encourage selective vector control by increasing the use of non-insecticide vector control methods including larvivorous fish and biolarvicides;
• Supply medicated mosquito nets through grassroots organizations, social marketing groups, and public distribution;
• Strengthen epidemic response and intersectoral collaboration to identify and control outbreaks and epidemics; and
• Institutional strengthening.
**Location/Scope:**
More than 200 million people living in areas endemic for malaria will benefit from the Project.

**Status:**
Under the Project, the National Program has been able to make a dramatic impact. Malaria morbidity has dropped in Project districts by 46 percent. Three states, Gujarat, Andhra Pradesh, and Maharashtra have reduced their malaria burden by 65 percent to 70 percent.

The program has been successful in shifting emphasis from indoor residual spraying to a broader mix of effective and environmentally friendly interventions, including early detection and prompt treatment, use of insecticide-treated bed nets and stocking of water bodies with larvivorous fish. Use of indoor residual spraying continues to decline year to year -- in 2004, less than 25 million people were covered with it, almost 50 percent less than in 1997. Close to 2 million bed nets have been distributed and another 3.8 million are being procured.

### 24. Tuberculosis Control Project

- **Approval Date:** 30 Jan 1997
- **Closing Date:** 31 March 2006
- **Commitment Amount:** US$ 142.4 million
- **Percentage Disbursed:** 69.2 percent (As of 30 June 2005)
- **Sector:** Health
- **Implementing Agency:** Government of India

**Context:**
The burden of tuberculosis (TB) in India is staggering by any measure. Over 1.2 million TB cases are reported every year and the annual mortality rate is estimated at around 500,000, about one-fifth of total global deaths from the disease. It is estimated that up to 50 percent of the Indian population is infected with TB.

**Project Development Objectives:**
To reduce mortality, morbidity and disability due to TB by curing those afflicted with the disease, thereby reducing the incidence of infectious TB, the annual risk of infection and the development of drug resistance.

Specifically, the project will: (a) diagnose and treat a minimum of 1.9 million TB cases including more than 800,000 smear-positive and severe TB cases; and (b) achieve cure rates of at least 859 of newly-diagnosed smear-positive cases in the RNTP districts, the rates achieved in the pilot sites; c) provide treatment with daily short-course chemotherapy to 850,000 smear positive patients in the SCC districts and prepare those districts to adopt the revised strategy; (d) treat about 230,000 smear-positive patients with
conventional drugs in non-SCC districts; (e) improve diagnosis to reach at least 50\% smear-positive cases as a percentage of total diagnosed cases in RNTP and SCC districts; and (f) improve the system of patient registration and follow-up to allow monitoring of treatment completion and cure in the SCC districts.

**Project Components:**
- Improving the quality, access and outcomes of TB treatment;
- Developing institutional and operational research capacity and enhancing technical, managerial and interpersonal skills; and
- Developing information, communication and outreach activities and promoting community involvement. Overall, the Project will initiate a shift in the epidemiological profile of tuberculosis in India by focusing on the cure of infectious patients.

**Location/Scope:**
The Project will strengthen the national TB program and, as such, be effective across the country.

**Status:**
The Project was initially only intended to cover a population of 270 million but was scaled up to cover 700,000 with DOTS. As of September 2005, the DOTS treatment is available to more than 1 billion people. Case detection and cure rates have improved from 57 percent and 82 percent in 2000 to 73 percent and 87 percent by 2004. With the addition of the larger and poorer states, case detection rates went down (62 percent in December 2004 and 66 percent in March 2005 but again reached 70 percent in June 2005). The number of patients identified in this same period has increased by 40 percent. Cure rates have been maintained at 85 percent. The program must be commended for maintaining program quality even while it was expanding to the large traditionally difficult states.