



REPORT NO.: RES35845

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
INDIA SECOND KERALA STATE TRANSPORT PROJECT  
APPROVED ON MAY 14, 2013  
TO  
REPUBLIC OF INDIA

TRANSPORT  
SOUTH ASIA

Regional Vice President:	Hartwig Schafer
Country Director:	Junaid Kamal Ahmad
Senior Global Practice Director:	Guangzhe Chen
Practice Manager/Manager:	Shomik Raj Mehndiratta
Task Team Leader:	Arnab Bandyopadhyay



**I. BASIC DATA**

**Product Information**

Project ID P130339	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 14-May-2013	Current Closing Date 30-Apr-2019

**Organizations**

Borrower Republic of India	Responsible Agency Kerala State Transport Project 2, Kerala Local Self Government Department (LSGD)
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**Project Development Objective (PDO)**

Original PDO

The project's development objective is to improve condition, traffic flow and road safety with a focus on vulnerable road users on selected roads in Kerala.

**Summary Status of Financing**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-82540	14-May-2013	19-Jun-2013	06-Sep-2013	30-Apr-2019	216.00	111.36	104.64

**Policy Waiver(s)**

Does this restructuring trigger the need for any policy waiver(s)?

No

**I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES**



A. Status.

1. The Second Kerala State Transport Project II (KSTP II) [P130339] was approved by the World Bank Board on May 14, 2013 and became effective on September 6, 2013, with a total project cost of US\$ 445 million, of which US\$ 216 is IBRD financing and US\$ 229 is counterpart funding from the Kerala State Public Works Department (PWD). The project's development objective is to "improve condition, traffic flow and road safety with a focus on Vulnerable Road Users on selected roads in Kerala". The project has three components: Component A - Road Network Upgrading and Safety Improvement (split into sub-components A1 and A2); Component B - Road Safety Management; and Component C - Institutional Strengthening.

2. Overall project implementation of the KSTP II Project has been slow. However, during a recent interim mission the Bank team noted improvement in the implementation of the civil works under Component A1. The overall physical progress for civil works under Component A1 is about 92%. Under Component A2, all three contracts under EPC are in advance stages of procurement. Progress of Components B (Road Safety Management) and C (Institutional Strengthening) has improved but is still behind schedule. The overall disbursement stands at 51% with the original project completion on April 30, 2019. The last implementation support mission categorized this project as a problem project with the implementation progress rating of Moderately Unsatisfactory following which a six-point action plan was agreed with the Project Implementing Unit of GoK. Taking into account the compliance of the six-point action plan, the continuing improvements made on ground, and the likelihood of achieving the PDO in the proposed extended period, the project rating will be upgraded to Moderately Satisfactory following completion of the project restructuring.

B. Reason for Restructuring / Extension

3. From June to August 2018 during the Monsoon season, the state of Kerala was hard hit by an unprecedented level of rain. It was the worst disaster in nearly one century which ravaged the state, causing floods and landslides in all 14 districts, and affecting approximately 5.4 million people. The devastating floods and landslides caused extensive damage to houses, roads, railways, bridges, power supplies, communications networks, and other infrastructure. The aftermath of the disaster changed the state's priorities and presents a risk and an opportunity at the same time, for the state to rebuild itself in a more resilient manner to the growing impact of climate change.

4. In this context, the Government of Kerala (GoK) submitted a request to Department of Economic Affairs (DEA) for restructuring the two currently ongoing World Bank-assisted projects in Kerala: National Cyclone Risk Mitigation Project II (NCRMP II) and KSTP II. DEA, Government of India, in turn wrote to the World Bank, on April 8, 2019, following several communications between Government of Kerala and DEA (copy to the Bank) regarding the scope of the restructuring, between November 2018 and February 2019 (the last of which was dated 28th February 2019). The request pertaining to KSTP II entailed project restructuring for reallocation of US\$ 45 million from the current outlay of KSTP II towards reconstruction of roads for the Rebuild Kerala Initiative (RKI), for urgent rebuilding efforts needed in Kerala .

5. GoK also proposed to utilize the savings of US\$ 45 million from the KSTP II on RKI in the aftermath of the floods and landslides and extend the loan period by 2 years. The proposed adjustments and interventions will support priority investments planned under RKI from various sources for enhancing disaster resilience in the state.

6. However, two out of the seven affected districts are tribal in nature and the local roads proposed to be improved under the emergency response component would have to use a revised Resettlement Policy Framework (RPF) duly updated with a Tribal Development Framework (TDF). The revised RPF is under preparation but would take about two months for full public disclosure and consultation. In view of this, an interim extension of 2 months up to end June



2019 is being proposed in order to allow finalization and disclosure of the safeguards documents. The full extension of 24 months could be considered through a project restructuring once the revised safeguard documents are finalized and disclosed during the two-month extension period.

## II. DETAILED CHANGES

### LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-82540		30-Apr-2019		30-Jun-2019	30-Oct-2019