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Investing in rural people

Republic of India

Andhra Pradesh Drought Mitigation Project

Addendum

Executive Board — 119th Session
Rome, 14-15 December 2016

For: Approval

Andhra Pradesh Drought Mitigation Project

Addendum

The attention of the Executive Board is drawn to the following addenda and modifications to the President's report on the Andhra Pradesh Drought Mitigation Project (EB 2016/119/R.24). For ease of reference, the changes to the text of the report are shown in boldface, while underscore indicates deleted text.

Page iv, financing summary

Total project costs:	US\$ 148.8 million
Amount of cofinancing:	RIDF: US\$6.2 million MGNREGS: US\$42 million RKVY: US\$2.4 million
Contribution of borrower:	US\$13.9 million
Contribution of beneficiaries:	US\$8.8 million

Page 5, paragraph 26

The paragraph should read:

"Flow of funds. IFAD financing will be channelled through a designated account denominated in United States dollars to be opened at the Reserve Bank of India and administered by the Office of Controller of Aid Accounts and Audit. IFAD will initially establish an authorized allocation for initial advance in a maximum amount of US\$3 million. The SPMU will use the State Treasury System for all its disbursements. _____

Funds flow arrangements foresee an extensive use of the state/country systems; transfers from the state to the districts shall be done using the STS and Personal Deposit (PD) accounts. Additional PD accounts shall be opened for each ATMA as authorized by the State. Disbursements to the LTA and to all other FAs will be managed at the SPMU level, while procedures for district office disbursements will be detailed in the PIM."

Page 6, paragraph 29

The paragraph should read:

"Audit: The State shall request the Accountant General of Andhra Pradesh (AG-AP) to conduct annual audits of APDMP. The AG-AP will perform a "certification audit" for externally financed projects, including a number of specific activities such as audits of the project's financial statements, of the IFRs submitted to IFAD, of APDMP treasury transactions and the District ATMA Societies. AG-AP will issue separate opinions covering each of the financial statements, IFRs and the use of the STS and commercial banking system. The audited financial statements and audit report, including the management letter, will be submitted to IFAD within six months following the end of each financial year. Simultaneously, the statutory annual audit shall be conducted by an independent auditor, empanelled with AG-AP. The State confirmed that empanelled auditors will have full access to STS for auditing purposes."

Page 6, paragraph 34

The paragraph should read:

"Total project costs are estimated at US\$148.8 million over a five-year period, including overall physical and price contingencies. Key assumptions in this estimate include: (i) price contingencies of 5 per cent applied on all items; (ii) an exchange

rate of 70 Indian Rupees to one United States dollar; and (iii) taxes and duties of 12.5 per cent on works and 5 per cent on goods, inputs and services."

Page 7, paragraph 35

The paragraph should read:

"Project financing will comprise, approximately: US\$75.5 million, or 50.7 per cent of total project costs, from IFAD; US\$6.2 million from the Rural Infrastructure Development Fund (RIDF); US\$42 million from the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS); US\$2.4 million from the Rashtriya Krishi Vikas Yojana (RKVY); US\$13.9 million equivalent in government counterpart financing, including taxes and duties and salaries of seconded staff; and US\$8.8 million equivalents from beneficiaries. Taxes and duties account for US\$5.4 million equivalents."

Page 7 table 1

The table of Project costs by component and financier should be replaced by the table below:

Table 1
Project costs by component and financier
(Thousands of United States Dollars)

Component	IFAD loan		GoAP*		NREGS		RIDF		RKVY		Beneficiaries		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
1. Climate-resilient production systems	65 583	59	10 814	9.7	18 915	17	5 463	5	2 447	2.2	8 363	7.1	111 584
2. Drought-proofing through natural resource management and governance	5 809	19	835	2.7	23 108	74.8	717	2	-	-	455	1.5	30 925
3. Management and lesson learning	4 108	65	2 225	35	-	-	-	-	-	-	-	-	6 333
Total	75 500	50.7	13 875	9.3	42 022	28.5	6 180	4	2 447	1.6	8 818	5.9	14 842

* GoAP – State Government of Andhra Pradesh

Page 7, table 2

The table of Project costs by expenditure category and financier should be replaced by the table below:

Table 2
Project costs by expenditure category and financier
(Thousands of United States dollars)

Expenditure Category	IFAD loan		GoAP		NREGS		RIDF		RKVY		Beneficiaries		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount
Works	2 386	6.9	2 325	6.7	28 790	83.1	611	2	-	-	541	1.3	34 653
Training	5 253	99.9	6	0.1	-	-	-	-	-	-	-	-	5 259
Consultancies	18 690	85.6	3 132	14.4	-	-	-	-	-	-	-	-	21 821
Goods, services and inputs	45 084	56.1	6 363	7.9	13 233	16.5	4 938	6	2 447	3	8 276	10.5	80 341
Grants and subsidies	1 921	73.3	70	2.7	-	-	631	24	-	-	-	-	2 621
Salaries and allowances	2 166	52.2	1 980	47.8	-	-	-	-	-	-	-	-	4 146
Total	75 500	50.7	13 875	9.3	42 022	28.5	6 180	4	2 447	1.6	8 818	5.9	148 842