PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE

Report No.: PIDC11580

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I. Introduction and Context

Country Context

The federal structure of the Indian government gives states a fundamental role in the promotion of inclusive growth, human development and poverty reduction. The Constitution defines India as a federal union of 29 states and seven union territories, and delimits the jurisdiction of each level of government. According to the Seventh Schedule, basic public services (health, education, water, agriculture, forest) are either a direct responsibility of the State government or a shared responsibility between the Union and the State governments. Even in the latter case, state governments tend to play an important role in the implementation of centrally sponsored schemes. Thus, assisting state governments to become more effective in delivering public services is critical to promote inclusive development in India.
Madhya Pradesh (MP) is a low income state in India and more than one-third of its population lives below the poverty line. It also has a strong presence of scheduled castes and tribes. 37% of the population of MP lives below the poverty line compared to the national average of 30%. The state faces numerous development challenges, including a high mortality rate for children under five years old (82 per thousand), underweight children (60%), a high illiteracy rate (29.6%), poor sanitary conditions (71.2% of households with no toilet facilities), limited access to clean water supply, especially in the rural areas, and poor access to health care particularly for women and children. According to the 2011 Human Development Index, MP scored 0.375 compared to the national average of 0.467. It is ranked the lowest state on the India State Hunger Index with 89% of the population in Madhya Pradesh not receiving adequate nutrition.

The state's GDP growth rate has improved in the last few years with an upward trend in poverty indicators. NSS data, however, suggests that the impact of growth on poverty has been particularly low in MP and that inequality is increasing. Between 1999 and 2008, MP grew at an annual rate of 3.5%; this rose to 8% during 2010-11 and 12% during 2011-12. MP has registered a significant 12% fall in poverty during 2004-10 with poverty reduction in rural and urban areas remaining by and large equal. Thus poverty incidence in MP has declined from 49.2% in 2004-05 to 37% in 2011-12. Despite this remarkable decline, MP, remains behind the national average of 22%. Per capita income growth and poverty reduction in MP has been slow and the state trails other low income states like Bihar and Odisha. MP has witnessed an increase in inequality from 28.4% in 1993 to 31.5% in 2011, with urban areas being more unequal than the rural areas. Though the poverty rates among the scheduled tribes (STs) and scheduled castes (SCs) in rural areas declined between 2004-05 and 2009-10, its decline has slowed down since then, which suggests that growth in these later years seems to be benefitting the non-SC/ST population more.

Madhya Pradesh is also struggling to facilitate access to public services with SCs, STs and women relatively more deprived than other social groups. On average, 49% of MP’s citizens do not have access to basic services compared to a national average of 46%. Moreover, MP has the widest disparities in access to basic services across districts. SCs, STs and women suffer relatively greater deprivation due to cultural, economic, and social factors. Tribal children are at a greater risk of malnutrition than children from other groups. Although, the educational outcomes of SCs and STs have improved, educational attainment amongst non-SC/ST groups has improved at a faster rate. Women face gender disadvantages as evidenced by Madhya Pradesh’s low social indicators. MP has one of the lowest child sex ratios (912 girls per 1000 boys in 2011), high infant mortality rates for girls (62 out of 1000 compared to 57 for boys) and maternal mortality rate (MMR) is also higher than the average for India (269 compared to 212 deaths per 100,000 live births).

Critical barriers exist for ensuring universal access to government services such as limited access to information, cumbersome procedures and limited accountability systems. In general, the information about government procedures and service delivery available to the public is limited and, when available, is not always accurate and user-friendly. Citizens face significant challenges in accessing specific information about government services which increases their transaction cost, especially those in remote areas who have to travel long distances to access services, and those from vulnerable groups, specifically women, scheduled castes (SC) and scheduled tribes (ST) who are often illiterate and disempowered. With few exceptions, citizens and users of public services are not able to hold public officials accountable. Lack of information and limited accountability systems strengthens the positions of field officials and creates space for “middle men” or intermediaries to take advantage of the information asymmetry.
Sectoral and Institutional Context

In an effort to improve service delivery, the Government of Madhya Pradesh (GoMP) adopted the Public Services Guarantee Act (Loksewaon Ke Pradan Ki Guarantee), also known as Right to Public Services Act (“RTPS Act”), on September 25, 2010. The RTPS Act is the first of its kind in India and worldwide. It sets time-lines for the delivery of selected public services, creates an appellate structure in the event that government officials fail to meet these deadlines, and allows for the imposition of penalties for delays. The Department of Public Service Management (DPSM) created in 2011 is responsible for implementing the RTPS Act, and District Managers were assigned in every district. Regular monitoring to implement the RTPS Act is conducted at the State level by the Chief Minister’s office.

126 public services have been notified, and 62 are available online at Lok Sewa Kendras (LSKs) including applications for Below Poverty Line (BPL) certificates and ration cards, electricity connections, social schemes, land records and income certificates. The LSK system is based on a public-private partnership (PPP) model, which allows citizens to apply for multiple services at “kiosks”. The LSK kiosks are privately operated. Currently there are LSK centers in every block throughout MP and more than 10 million applications have been received and processed from September 2010. Departments that provide services notified under RTPS include: Energy, Labour, Revenue, Urban Administration & Development, Social Justice, Food, Forest, Home, Farmers’ Welfare & Agriculture Development, Woman & Child Development, Transport and Panchayats & Rural Development, among others.

Although implementation is still at an early stage, preliminary assessments suggest that the RTPS legislation has contributed to reducing citizens’ transaction costs and improving accountability of public officials. The RTPS Act triggered reforms including mandatory issuance of receipts for applications, on line applications through computerization, the establishment of clearer eligibility criteria, and an adherence to timelines, which helped improve service delivery. These reforms created simpler, more efficient and more accountable processes. LSKs have made it possible for citizens to receive public services in a ‘single stop shop’, instead of having to visit different government offices and rely on “middle men.” More importantly, LSKs through serving as intermediaries has eliminated the need for direct interface with government officials, resulting in unbiased treatment of applications. The RTPS Act sped up the delivery of services. According to the assessment conducted by the School of Good Governance 91.5% of LSK users were satisfied with the services provided, 79% of the services were delivered on or before time indicated and 40% of applicants reported that services were obtained in one visit.

However, not all citizens are benefiting equally from these improvements. In spite of the GoMP efforts, awareness among citizens is low. For instance less than 1% of citizens have used LSKs. This data suggests that there is a need to reach out to citizens by conducting more awareness campaigns and expanding the LSK network below the block level. Furthermore, some LSKs lack basic physical infrastructure including regular supply of electricity and connectivity, and trained personnel to provide information about government services and assist users in filling out the application forms. Despite having the necessary mobile technology, citizens are not able to provide feedback to government and there are numerous delays in the grievance redress mechanism.

Convergence of various government systems remains a challenge. There are currently various separate government initiatives trying to address these challenges by facilitating online services (for
example, “MP online”). Moreover, deepening business process re-engineering (BPR) and streamlining of government processes could reach a roadblock if the integration of databases and data sharing across the various government departments are not aligned. Limited coordination with Line Ministries and misalignment of procedures can translate into parallel arrangements for receiving applications. And in some cases, designated officers may be reluctant or not able to use the RTPS systems due to lack of training.

Government Program

The GoMP laid out its Vision for inclusive development in MP to consolidate the gains secured over the past decade and to lay firm foundations for the state's growth and development in the years to come. The current Chief Minister, who has served since 2005 has articulated his vision for the next years for MP in the “Vision 2018” document that places good governance and efficient government services at the center of public policy to deliver results to the most needed population. The Government aims to facilitate widespread access to key public services “anywhere, anytime” through transparent and accountable governance. This is aligned with the Government of India (GoI) focus on e-Governance.

Further simplification of government services and implementation of the RTPS Act are key factors to deliver on the government's strategic goals. In June 2014, the GoMP constituted a High Power Committee to provide strategic guidance to the next phase in the implementation of RTPS legislation. The Committee will monitor, guide and advise the government on the implementation of the requirements of the RTPS Act. The Committee will also support the streamlining of government processes in various departments, resolve inter departmental issues related to BPR and endorse concerned department's identified processes for simplification.

The proposed operation aims to transform the way the government interacts with citizens in MP leveraging the LSK model. Three guiding principles will drive this transformation: inclusiveness, transparency and accountability. Based on this approach, LSK centers are to become an effective and user friendly window for citizens to interact with the government, demand public services, receive information, provide feedback and file complaints.

Relationship to CAS

The proposed operation fits with the World Bank Group's India Country Program Strategy (CPS) for FY2013-2017. The CPS’s overarching objective is to support poverty reduction and shared prosperity in India, by contributing to three main engagement areas: integration, transformation, and inclusion. The CPS acknowledges that delivering on the overarching objectives requires a strong focus on low-income states (LIS), where the majority of the poor and the vulnerable live. This operation aims to facilitate access to government services for the poor and vulnerable groups in one of the largest LIS.

The proposed operation is well aligned with the Government's new “Finance Plus” approach, which lays out the government's vision of how best to use the financing and expertise of multilateral institutions to address India's development challenges. According to this approach, support should be focused on projects that transform and modernize policies and institutions, leverage resources, and pilot new and innovative development approaches. The approach adopted in MP to improve service delivery is pioneering in India and worldwide. The state was awarded the second prize under “Public Service Reforms” category of the United Nations Public Service Award for the year 2012
for the implementation of the 2010 Public Service Delivery Guarantee Act ("RTPS Act"), and since then, fourteen states have emulated the initiative. This operation leverages progress made in the implementation of the RTPS Act to transform the way government provides services as it relates to citizens. Therefore, MP has become a model for other states struggling to provide access to public services in their territory.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)
The development objective of the project is to improve access and quality of public service delivery in Madhya Pradesh through implementation of RTPS legislation.

Key Results (From PCN)
Given below are the key results of the project as per the development objective and the indicators to measure the success of the project. See Annex III for a Preliminary Results Framework that includes the proposed PDO indicators and tentative intermediate indicators.

The key outcomes to be achieved are as follows:
• Improved access to public services in low income districts.
• Improved access to public services among the under-served population.
• Improved quality of public service delivery.

Three indicators have been selected to measure success in achieving the PDO:
• PDO Indicator 1: Number of citizens accessing RTPS services in low income districts.
• PDO Indicator 2: Percentage of women, STC and STT accessing RTPS services.
• PDO Indicator 3: Percentage of RTPS users that provide positive feedback.

III. Preliminary Description

Concept Description
The proposed operation will be financed by an Investment Project Financing (IPF) loan of US$34 million to the GoI and will use a results-based financing modality to provide incentives for results. Lessons learned from previous experiences with this instrument in the South Asia region, and in India in particular, will be incorporated into the project design. The trajectory for this operation is five years.

Result Areas. The Project will support the government's program in four result areas:
• Result Area 1. Access to Services and Citizen Outreach. This result area is to facilitate access to public services through an expansion of the LSK networks at the sub-block level, and citizen awareness campaigns. More specifically, this result area will support the following activities: (i) Mapping of Citizen Service Centers and upgrading existing facilities to perform LSK functions; (ii) Improving connectivity to support online provision of services statewide; (iii) Raising Citizen awareness via RTPS legislation and LSKs campaigns; (iv) Strengthening the grievance redress mechanism; and (v) Developing a feedback-loop mechanism to gather inputs directly from users.
• Result Area 2. Frontline Services. This result area is to improve the quality of the services provided at LSK centers by establishing service standards, improving capacity of LSK operators, incorporating additional functionalities (such as queuing system, information services, etc.) and reviewing the current PPP model. Activities supported under this result area include: (i) Establishing service standards and conducting regular assessments; (ii) Supporting and/or
incorporating additional functionalities (such as employment or women's counter) on a pilot basis; (iii) Training and workshops for LSK operators; (iv) Software development and maintenance; and (v) Assessing the PPP model.

• Result Area 3. Integration of Government Systems. This result area aims to foster the integration of government services, and streamlining of internal procedures. Activities supported under this result area include: (i) Mapping of government systems related to RTPS; (ii) Database optimization and interoperability framework; (iii) ICT infrastructure (including disaster recovery and cloud computing based architecture); (iv) Business process reengineering and notification of additional services; (v) Capacity building activities for Line Departments, PSMD and institutions at the district level; and (vi) Change management activities to gather support from stakeholders.

• Result Area 4. Performance Management. This result area aims to promote evidence-based decision making by strengthening monitoring and evaluation systems, incorporating citizen's feedback and promoting the use of service delivery data for decision making. Activities to be supported under this result area include: (i) Establishing a monitoring and data analysis cell at the Institute for Good Governance; (ii) Improving monitoring and evaluation (M&E) tools; (iii) Developing a dashboard and producing service delivery and performance reports for different users; and (iv) Capacity building activities for State Agency for Public Services (SAPS).

Project Components. Support to the above mentioned areas will be provided through three complementary components:

Component 1: Results-based financing (US$ 20 million). This component aims to provide incentives for undertaking critical public management reforms and achieving results in terms of service delivery along the four result areas. Results-based financing will be disbursed to GoMP against the execution of agreed-to Eligible Expenditures Programs (EEP) and the achievement of key results as measured by Disbursement Linked Indicators (DLIs). The indicators and verification protocols measuring the results will be defined during the preparation of the project. Activities to be financed using a results-based financing approach include:

• Business Process Re-engineering (BPR) related to new RTPS services to be notified;
• Human and organizational capacity to support the Department for Public Service Management (DPSM) and other government departments;
• Strengthening of the RTPS grievance redress mechanism;
• Mapping of Citizen Service Centers (CSC);
• Streamlining procedures for government services and establishing a single repository;
• Pilots to establish employment and women services counters at LSKs;
• Software development improvements to be conducted in-house by NIC and Department of Information Technology (DoIT) specialists, including a citizen feedback module and business intelligence tools;
• Training and capacity building activities for public officers, LSKs and CSC staff;
• Reviewing of PPP model and drafting related legislation; and
• Designing and implementing monitoring and evaluation tools.

Component 2: Technical Assistance (TA) (US$ 10 million). This component will provide TA to support capacity building and institutional strengthening activities related to the achievement of key results along the four result areas. In particular, this component will fund technical assistance activities including:

• Supporting business process re-engineering (BPR) and institutional strengthening activities.
for Line Departments;
• Strengthening the capacity of the Department of Public Service Management (DPSM) the Department of Information Technology (DoIT) and the State Agency for Public Services (SAPS);
• Acquisition of ICT equipment;
• Assessment of the PPP model;
• Change management activities to inform the design of the proposed reforms, gather support from key stakeholders and align incentives of various actors for successful project implementation;
• Citizen awareness campaigns;
• Strengthening public management systems, including fiduciary, monitoring and evaluation systems;
• Establishing a dedicated monitoring and data analysis cell at the Institute for Good Governance;
• Strengthening RTPS grievance redress mechanism;
• Supporting third-party verification of results; and
• Other technical assistance activities to support achievement of project outcomes.

Component 3: Innovation Fund (US$ 5 million). This component will provide funding for innovations that will lead to service delivery improvements related to the implementation of the 2010 Public Services Guarantee Act (“RTPS Act”). It aims to provide incentives for critical stakeholders (frontline providers, Line Departments, etc.) to participate in the project, and allow for some experimental learning and identification of activities that could be scaled-up in subsequent phases of the project. The Fund will have transparent selection criteria; and all entities involved in the implementation of the RTPS Act will be able to submit proposals on a competitive basis, spelling out the rationale, the proposed activities and the expected results in terms of service delivery. Funding will be limited to the pre-defined eligible expenditures.

M&E and Learning. This operation will have a strong focus on Monitoring, Evaluation and Learning. First, the operation will strengthen existing RTPS monitoring systems and engage with Line Ministries’ about monitoring systems. Second, it will support the establishment of a dedicated cell of data analysis for service delivery at the School of Good Governance and Policy Analysis (SGPA) and promote the use of such information for decision-making. Third, in collaboration with SGPA, the Bank will design efficient M&E tools to be used during project implementation (such as mystery audits and user feedback loops) and agree on a learning-by-doing process with the government to be able to improve the design of the interventions during the lifetime of the project.

Safeguards. As part of the project’s effort to facilitate access to services among vulnerable groups and foster social inclusion, a tribal development plan (TDP) shall be prepared to identify and address the barriers these groups face when trying to access services. The Tribal development Plan shall be disclosed before appraisal. For more details, see the Integrated Safeguards Datasheet.

IV. Safeguard Policies that might apply

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VI. Contact point

**World Bank**
Contact: Ana Bellver Vazquez-Doder  
Title: Sr Public Sector Spec.  
Tel: 5785+79138  
Email: abellver@worldbank.org

**Borrower/Client/Recipient**
Name: Department of Economic Affairs, Government of India  
Contact: Mr. Brijesh Pandey  
Title: Deputy Secretary  
Tel: 911123093542  
Email: brijesh.p@nic.in

**Implementing Agencies**
Name: Department of Public Service Management of Madhya Pradesh  
Contact: Mr. Hari Ranjan Rao  
Title: Secretary  
Tel:  
Email: harirajanrao@mp.gov.in

VII. For more information contact:
The InfoShop  
The World Bank  
1818 H Street, NW