

Chief Engineer, World Bank Projects, Orissa

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Sent: Monday, June 15, 2009 8:07 PM
Attach: OSRP Interm Mission Aide Memoire March 2009.doc
Subject: India: Orissa State Roads Project: Interim Mission Note (Mission March 2009)

Kind Attn: Mr. S.K. Ray,
Engineer-in-Chief-Cum-Secretary, Works Department
Government of Orissa

Copy. Mr. Nayak, Chief Engineer World Bank Projects, Orissa Works Department.

Dear Mr. Ray

Please find attached the finalized Mission Note from the March 2009 Interim Mission. Mr. Rajesh Rohatgi (Sr. Transport Specialist, new Team Leader) will follow up on the key pending issues highlighted in the mission note in his upcoming mission.

Please pass a copy of the Mission Note to the Honorable Minister (Works), and the Development Commissioner for their information and necessary action.

Regards,
Binyam Reja

(See attached file: OSRP Interm Mission Aide Memoire March 2009.doc)

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ORISSA STATE ROADS PROJECT (P096023)

Implementation Support Interim Mission (March 16 -21, 2009)

1. A World Bank (Bank) team comprising Messrs/Mmes Binyam Reja (Task Team Leader and Transport Economist), Mohammad Hasan (Social Development Specialist), Neha Vyas (Environmental Specialist), Yash Gupta (Procurement Specialist), Manvinder Mamak (Financial Management Specialist), A.K. Swaminathan (Consultant-Transport), Ernst Huning (Consultant-Institutional) and Krishnan Srinivasan (Consultant-Governance) visited Bhubaneswar in connection with the above mentioned project. The team met with the Chief Engineer/Project Director and other key officers of the Project Management Unit (PMU) as well as the Secretary of the Orissa Works Department (OWD). The team also met with the Chief Secretary, Development Commissioner and Finance Secretary of Orissa to apprise them of the difficulties being currently faced in the progress of the project and ways to make it effective as soon as possible. The team also met with the supervision consultant (SC) and the local JV partner of the contractors of Phase 1 roads.
2. The main focus of the mission was to:
 - i. discuss with OWD, the necessary formalities and requirements to be completed from their side before the project is made effective, and arrangement for project launch workshop;
 - ii. review the progress on supervision consultant and contractor mobilization;
 - iii. undertake site visits to the Berhampur-Taptapani road (contract P-03) to assess the site readiness and other mobilisation aspects of the contractors and SC and to explain about the project supervision framework which the Bank would follow to supervise and monitor the project; and
 - iv. review status of the Institutional Strengthening, and Governance Action Plans.

Phase 1 Roads

3. All contracts for the three Phase 1 civil work packages and the supervision consultant have been awarded and the contractors and the supervision consultant have made mobilized partially and civil works have started in all three packages. However, the mission observed that the lead partner for the civil work contracts was not available during the site visits and meetings in Bhubenswar. It appears that the local contractor is managing all the 3 projects with little input from the other three independent national contractors. This has resulted in the local partner to be stretched to capacity with inadequate planning, mobilisation and progress. The mission has advised the OWD/PMU, the Supervision Consultant and the contractors that a full mobilization of the lead contracting firms is required and that OWD should take corrective actions as per he contract management framework if the problem is not rectified soon.
4. The mission also noted that the international firm selected for supervision has not yet mobilised the key team members such as Resident Engineers for the three contracts supervised by them. The SC would need to staff up within the next one month and start working as per the requirements of their contracts. It was discussed and agreed that the PMU and the SC would agree on a list of dedicated key and non-key personnel who would not be changed frequently to provide continuity in management of services. Another list of variable manpower of the SC would be subjected to review by the PMU every quarter to optimise the cost of services depending on the actual site requirements.
5. The mission explained to the OWD, contractor and the consultant teams which were present, the Bank's supervision and monitoring system of periodic visits focussing on technical, safeguards, financial and procurement/contracting aspects. Further, it explained other aspects of complaint handling within the Bank where-in any stakeholder in the project can complain to the Bank if he/she feels dissatisfied which the Bank would take up for further investigation. In addition, the mission noted that Bank engineers and contract management specialist/consultants will visit Orissa periodically to monitor progress and provide implementation support for carrying civil works.

6. The mission also expressed its concern over the slow progress in land acquisition, extending R&R entitlements, utility shifting and tree cutting. It was explained that the delay in handing over encumbrance free land to the contractor as per the schedule mentioned in the contract documents would lead to contractual claims and delays. As such, the mission advised the PMU, SC and the contractors to jointly discuss the work programme and if need be, swap some of the milestones, to enable the contractors to have at least 5 km contiguous road stretches free of encumbrances (underground utilities, telephone and electric poles, community facilities, trees, encroachments etc). The aim should be to hand over to the contractor about 5km of such contiguous road sections every month to enable fast progress of works.

7. The mission expressed serious concern over inadequate consideration of safety aspects during construction at the site. The contractors were reminded that such violations of construction and traffic safety stipulations, and related environmental measures would be reason for invoking penalty clauses provided for in the contracts and specifications.

8. Some of the key actions and timeline the mission had with the OWD, consultant and contractor are:

- a. SC in consultation with OWD/PMU to finalise the supervision strategy and QAP. The strategy should very clearly state their response times to requests for inspection, approval for variations, materials, specifications etc. There should also be a clear agreement on the delegation of powers to the SC as the “Engineer” of the works and items for which the “Employer” would need to give his approvals. (Immediate)
- b. SC to fully staff his manpower as per the work programme of the contractor to enable quality services to the client. (Immediate).
- c. Quality of the periodic reports need to be enhanced based on similar resource based reports received from the contractors on physical and financial progress.
- d. SC to immediately issue notice to the contractors as per the contracts for violations in the contract for EMP and road safety measures, giving a definite time limit for response and remedial measures by the contractor; failing which the contractual clauses for penalties would be imposed retroactively from the date of violation (Immediate)
- e. Contractor to mobilise the lead partner resources and manpower at site commensurate with their participation in the project (May 15, 2009). Otherwise SC to initiate steps to rectify the situation contractually (May 31, 2009).
- f. Contractors to submit the revised resource-based work programme to the SC based on a brief discussion with the SC and the PMU about the encumbrance-free land availability (Immediately).
- g. Contractors mobilising sub-contractors and key work persons at site should be as per the contract conditions and with the approval/information to the SC.
- h. Contractors to improve documentation of work progress, payments, accounts as well as the purchase of land for quarrying, setting up camps, plant and machinery etc.
- i. OWD/PMU to appoint 1 or 2 junior officers of the AE level at each of the 3 contract sites to enable the project director to get periodic updates on the progress and quality of works. This person would have to work within the mandate of the contractual framework advising the Employer.
- j. The PMU/OWD would need to work with the revenue department representatives in speeding up the progress on LA/R&R and utility relocation to be able to meet the contractual obligation of handing over encumbrance free land. All forest/MOEF approvals required for assigning land to the works contract should be done on a war-footing.

Phase-2 Contracts

9. In view of the slow progress on LA/R&R and utility shifting in the Phase-1 contracts, the Bank team advised the OWD/PMU, that it would not be in a position to allow invitation of bids till it is confident that encumbrance free land for 40% of the contract length in stretches of continuous length of at least 10 km would be available for upgrading works when the contract is signed. The PMU was also advised that the contract documentation would be modified to indicate to the contractor that while the entire stretch would be handed over for maintenance works, major upgrading/strengthening/widening

works could only be undertaken in a sequential manner (with specific chainages mentioned). One important aspect would be to modify the specification for steel in the roads near the coastal zone to be compliant with the anti-corrosive requirement of the IRC specifications. Toll plaza specification would need to be a bit more detailed. OWD will also need to ascertain the stability of slopes for high embankment and deep cuts in the hillsides.

10. During the mission it was agreed that the construction of the Bansadhara bridge on the Bank financed Behrampur-JKPur road corridor would be taken out of the works enlisted for Bank financing. This bridge was washed out during the previous year's floods and needs to be reconstructed and had been provided for under our Bank loan as a design-build pilot. The mission was informed that after extensive hydrological investigations by CWPRC, Pune, a decision has been taken to re-align the approaches and construct a longer bridge. Otherwise, it is a missing link on the above corridor and financing the remaining road corridor is futile. The Bank mission reiterated to the OWD the importance of compliance to all Bank safeguards for this bridge even if it is financed by the state,

Road Asset Management System

11. Mission and OWD/PMU discussed the EOI evaluation which has been done in a detailed objective manner. The first 6 ranked firms shown to the team during the mission seem to have good credentials to perform the services. However, the mission expressed concern that this invitation was getting delayed quite a bit and that a final draft RFP document (with the shortlist incorporated in it) should be sent to the Bank for its no-objection no later than April 15, 2009.

Miscellaneous

12. The Bank mission mentioned that it would not be reviewing the PCC outputs which do not form part of the Bank financed works. The OWD/PMU needs to review these outputs for compliance with their own requirements and discharge the consultant obligations accordingly. However, for those outputs that are part of Bank financing, the Bank has completed its review and PMU/OWD should now settle their obligations with the consultant.

13. The mission also suggested that it would try and make arrangements for training of PMU, consultant and contractor training on the Bank's method of supervision and contract monitoring and the FIDIC based contract framework. The mission also advised that it would try and arrange site visits to other such construction sites to understand the good and bad practices in construction.

Institutional Development

14. ***Early ISAP Progress:*** In effect, the Institutional Strengthening Action Plan (ISAP) being supported by the Project has been underway since early 2008, and the status of various 'early' action areas was reviewed in that light between the mission and concerned OWD staff and management. This confirmed that satisfactory and timely progress has been made on some technical, administrative and organizational measures, including the successful introduction OWD-wide of ***e-procurement*** systems and operations.

15. The review also highlighted the emerging desirability of some recalibration of the more major and substantive ISAP targets onto later timings, to acknowledge the delay in the Project becoming effective and the side-effects in GOO decision-making of the 2009 national and state elections program, which involves Orissa at both levels. As the ISAP has been deliberately identified as a "living document", some straightforward adjustments to ISAP milestones and timings were identified during the mission, as well as the need to take up in the ISAP, the evolving GOO action on a new Tolling Policy and legislation (see Annex I). These possible changes will be considered by OWD management, with a view to resolving them in the next mission.

16. However, in overall terms, action has been slow on the engagement of TA and/or consulting services for (a) ***revision of the OWD Code, Manual and SBDs***, (b) ***ISAP facilitation and implementation support***, and (c) formulation of a ***medium-term IT-ICT-MIS Strategy and action***

plan(s) for the OWD. In each case, this has also been complicated by the current GOO requirement for submission to Ministerial level of all substantial administrative and procurement proposals requiring formal approval. The mission discussed the status of OWD action on finalization of EOI / RFP (etc.) in each case and urged the PIU to get outstanding actions on cases (a) and (b) above cleared up urgently, so that there is some prospect of these services being mobilised by late 2009 or early 2010.

17. **IT-ICT-MIS Strategy:** formulation task which is to involve ‘single-sourcing’ of external expertise and OWD has already completed the EOI stage and identified some qualified consultants for short-listing. However, OWD is now unable to proceed to invite proposals, due to the election period constraints. In the circumstances, the mission and OWD explored the possible merits of this task being undertaken by the OCAC, a GOO-funded body that has led the state-wide *e-procurement* implementation program and has in the process developed a close working relationship with OWD. In any event, the proposed TOR for this task were jointly updated as necessary (see Annex II) and it was agreed that OWD will approach OCAC management regarding possible deputing of suitable OCAC resources to OWD, on a project-funded basis if possible.

18. **Road Safety:** While the substantive actions involved in the planned OSRP-supported Road Safety (RS) intervention should await the engagement of appropriate TA and/or consulting services after the main launch phase of the Project, the mission and the OWD agreed that (a) some upfront ‘mapping out’ and preparatory RS actions by the Transport Department – as the likely GOO “lead agency” for Road Safety in that context – would be very desirable, and that (b) the Transport Department (TD) may not have any available resources to ‘kick-start’ such preparatory activities, prior to the mobilisation of the planned TA / consultancy services. In the overall GOO interest in this important area, the OWD has agreed to explore with the TD the possibility of releasing some suitable and motivated OWD technical staff available to the TD for a time-bound transitional period.

Governance and Accountability Action Plan

19. Under the actions listed in the GAAP matrix in the PAD, the following is the status:

- a) A website has been established for the project (osrp.gov.in), but it is very rudimentary and needs to be updated to reflect better form and content. The site also needs to have details of process for disqualification for bidders who engage in misrepresentation or fraudulent practices, in addition to details of complaint handling officers and mechanisms. The mission informed the PIU about the same and it was agreed that a dedicated IT person would be drafted (either on a yearly contract basis or other such arrangement) to help the PIU in this and other IT related functions.
- b) RTI staff was sent for training at the Gopabandhu Academy of Administration in February 2008.
- c) Revision of the D- code has not yet been initiated pending approval of the procurement of the consultant by GOO, and impending state and national elections. In light of these issues, the timeline for updating the D-code has been now shifted to December 2009.
- d) The e-procurement system is substantially in place and is being used for all works over Rs. 2 million. The system has standard templates on the website (tendersorissa.gov.in). The GOO plans to integrate more modules into the system, including the stated requirement for a contractor database by December 2009. However, the system has not been used for contracts under the OSRP, and the use of the same for remaining contracts under OSRP is subject to Bank’s favourable assessment of the system. As such, systematic benchmarking of procurement indicators on the OSRP contracts would also start later (i.e. from March 2010), although the data collection would start from the award of the first contract itself. The mission informed the PIU to have a link to the OSRP website on this site as well.
- e) Contract sizes for the first 3 contracts were based on attracting international bidders. The qualifying criteria were according to the ICB guidelines, which turned out to be too stringent to qualify domestic bidders. As such, the PIU has now decided to relax some of these criteria to attract more domestic bidders as well.
- f) While the PIU desired to hold business briefings for bidders, the GOO did not approve of the same. As such, for the first 3 contracts no such briefings were held although brochures inviting

interest were sent to prospective bidders around the country. The mission was informed that PIU plans to conduct business briefings for the remaining contracts.

- g) As for quality monitoring, the mission was informed that the GOO has empanelled a project quality monitor (PQM) for each district in the state, with three of them having additional responsibility for quality monitoring on the OSRP as well. The mission was provided a copy of the GO along with terms of reference for these PQMs.
- h) With regard to third-party monitoring, the GOO has in principle agreed to the use of local technical institutes/engineering colleges to conduct quality monitoring, road user satisfaction surveys, impact studies. In this respect, the mission also had preliminary discussions with a few local universities to gauge their experience and capacity for such work. A sample ToR was also provided to the PIU for use in drafting an appropriate ToR for these tasks.
- i) In terms of vigilance, a Chief Vigilance Officer has already been put in place. However, the complaint handling mechanism is weak and needs to be strengthened – the PIU was informed that at the very least, they should have the names and contact information of all officers who are authorized to receive complaints on the website as well as at all project and divisional offices, for the OSRP contracts.

Financial Management

20. The financial management arrangements as agreed at appraisal and documented in the Financial Management Manual are, by and large, in place. The budgetary allocation of Rs. 220 crores for the project for the financial year 2009-10 is considered adequate. For the year 2008-09, the project has surrendered an amount of Rs. 127.02 crores against the budgetary provision of Rs. 177.02 crores. The project has reported expenditures of Rs. 50.01 crores during the year 2008-09, including ineligible expenditures of Rs. 14.09 crores on land acquisition and utility shifting etc. The detailed expenditure reported is as follows:

Major Components of Project	Project Provision	2006 - 07 Expenditure	2007 - 08 Expenditure	FY - 2008 - 09			Cumulative Expenditure
				Till Jan, 2009	Feb & Mar	Total	
A Road Improvement Component	1290.23 Cr.	0.00 Cr.	0.09 Cr.	21.30 Cr.	10.36 Cr.	31.66 Cr.	31.75 Cr.
B PPP	17.32 Cr.	0.00 Cr.	1.08 Cr.	0.09 Cr.	0.32 Cr.	0.41 Cr.	1.49 Cr.
C IASP & Operating Cost	46.07 Cr.	0.23 Cr.	0.82 Cr.	0.27 Cr.	0.40 Cr.	0.67 Cr.	1.72 Cr.
D Community Development	0.00 Cr.	0.00 Cr.	0.00 Cr.	0.00 Cr.	0.00 Cr.	0.00 Cr.	0.00 Cr.
E R & R	28.57 Cr.	0.00 Cr.	0.00 Cr.	0.00 Cr.	3.18 Cr.	3.18 Cr.	3.18 Cr.
F Non-Reimbursible [LA, Utility]	49.00 Cr.	4.82 Cr.	11.99 Cr.	11.46 Cr.	2.63 Cr.	14.09 Cr.	30.90 Cr.
Total	1431.19 Cr.	5.05 Cr.	13.98 Cr.	33.12 Cr.	16.89 Cr.	50.01 Cr.	69.04 Cr.

21. As an immediate next step, the project will prepare and submit to CAA&A for disbursement, the Interim Unaudited Financial Report (IUF) for the retro active period (up to 27 January 2009). The mission advised the project to obtain prior clearances for the IUF from the World Bank's Task Team. This is in line with the instructions issued by CAA&A, GoI for report based disbursements. The next IUF for the period 28 January 2009 – 31 March 2009 should be submitted by 15 May 2009 (before 45 days of the close of the quarter).

Procurement

22. *Status of Project implementation and related procurement activities:*

- The mission was informed that all three contracts for first year construction of roads have been awarded and initial advance released to the contractors. The contractors have mobilized and the work has started. The mission was also informed that substantial portion of land is still not available for first year contracts and PIU is making all efforts to expedite the same. [
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- The Project informed that considering the difficulties in land acquisition, bidding for Second year contracts shall be initiated only after substantial land acquisition is completed.
- The mission informed the Project that Dispute Resolution Board (DRB) has not been appointed for any of the three contracts. The Project informed that they have already

requested GoO for the nomination of the DRB. This issue was also highlighted in the meeting with Chief Secretary and the mission was informed that DRB for all three contracts shall be appointed by end of March 2009. The mission informed that WBR Number shall be issued by the Bank after receipt of confirmation on appointment of DRB.

- The mission informed the PIU that Consultancy contract for Supervision of construction of first year roads has also been awarded and the consultant has also mobilized at site. The mission was informed that the PIU is pursuing with the consultant for earlier acceptance of the amendment to the contract and the same shall be forwarded to the Bank for issue of WBR Number.
- The PIU handed the clarifications on Tech. Evaluation for Consultancy for OPWD codes during the mission for Bank's' review and no objection.
- The PIU shall forward the recommendations for the short-list of consultants for Asset Management within a week's time.

23. *Capacity Building Activities*

Procurement Training: The mission discussed the progress on procurement training to PIU staff. The mission was informed that so far out of total strength of 17 officials in PIU, 5 have attended procurement training in ASCI/NIFM [List given by the Project attached as Annex III]. PIU confirmed that remaining officers shall attend training by Dec' 2009.

Consultancy for Institutional Strengthening: The PIU handed over the revised draft RFP for Bank;s review and no objection during mission.

24. *E-Procurement*

The PIU informed the mission that ADB has submitted the final report on assessment of E-Procurement System of the Orissa Department of Rural Development. The mission was also informed that the system enhancement is in progress for compliance with the *E- Bidding Requirements for MDB Loans, Grants and Credits* and that the PIU would approach the Bank for its review and certification of compliance within the next few months.

Social Aspects

25. **Field Observations**: The marking of central line for Berhampur-Taptapani package has just begun. Marking of central line is critical not only in the re-assessment of actual extent of land acquisition (LA) required for proposed physical interventions but also for re-verification of project affected families (PAFs). It is, therefore, utmost important for the Project to ensure that the central line marking is completed at the earliest. Since no NGO is yet in place, there has been no attempt to initiate the process of re-verification of the census data of PAFs and to establish their eligibilities and resettlement and rehabilitation (R&R) entitlements.

26. **Land acquisition (LA)**: According to the information, there are 151 villages in the 1st Packages and section 6 (required under LA Act) has been notified in respect of 115 villages. The project has so far deposited Rs 91.82 million with LA Officers to proceed with LA process. The mission was informed that LA is in advance stage in case of 54 villages (see Table below) including 13 villages where compensation for land is reported to have been paid.

Project Corridor	District	LA Process (No. of villages)			Amount deposited (Rs million)
		Total villages	Villages notified u/s 6	LA progress u/s 7	
Bhawanipatna - Khariar	Kakalhandi	19	19	14	5.89
	Bolnagir	13	7	--	1.57

	Nuapada	9	5	2	4.03
Bhadrakchnadballi	Bhadrak	65	58	27	43.29
	Keonjhar	14	2	--	0.17
Berhampur-Taptapani	Ganjam	31	24	11	36.87
Total		151	115	54	91.82

27. The mission expressed serious concern for the slow progress in LA and pointed out that in the absence of adequate encumbrance free stretches (to be handed over to contractors) could seriously impact the project implementation schedule. The mission strongly suggested that the Project should adopt the 'consent award' method to compensate land required for the project. This would not only accelerate the LA process but would also ensure a fair compensation to the land losers. The mission gave examples of other states including Andhra Pradesh, Tamil Nadu, Karnataka, etc where the 'consent award' method is increasingly adopted with success. This was also agreed in the meeting with the Chief Secretary. The mission was assured that necessary steps would be undertaken to ensure land required for 1st year works is acquired and compensated and that the implementation schedule is not affected. *It was agreed that construction will be undertaken in encumbrance free stretches only and that no construction will be undertaken unless lands have been acquired and compensated.*

28. **Resettlement Action Plan (RAP):** The mission held detailed discussions on RAP implementation for the 1st year packages. The project is not only slow in LA process but also the institutional arrangement (including NGOs) to extend R&R entitlements (envisaged under RAP) is not in place. The mission urged for immediate steps to ensure that NGOs are contracted and local District Administration (DA) is geared up to help in RAP implementation. It was agreed that *R&R entitlements agreed for the project would be extended to the eligible project affected families (PAFs) before the land is handed over to contractors for undertaking construction works.*

29. In order to help the Project implement R&R activities in accordance with the agreed RAP, the mission reiterated the following process to be followed and make RAP implementation more transparent.

- ◆ Contract NGOs at the Package level
- ◆ Verify the census data of eligible PAFs about their R&R eligibilities. Actively involve Package NGO in this rev-verification exercise.
- ◆ Issue ID cards to PAFs identified and found in accordance with the list of affected families included in RAP. Any new claimant should be thoroughly scrutinized.
- ◆ Determine the R&R entitlements of PAFs in accordance with the agreed R&R entitlement framework of the project
- ◆ Ensure compensation well before PAFs are deprived of their access to land
- ◆ Make arrangements for relocation of families, where ever required - no family should be physically displaced unless an alternate arrangement is made for relocation
- ◆ Release R&R entitlements to eligible PAFs before they are relocated
- ◆ Coordinate with other development departments/agencies for dovetailing their programs for the socio-economic development of the affected communities.

30. In most of the places, the mission observed that the local communities (likely to be affected) have not been properly updated on the proposed project activities and likely impacts on their livelihood. The mission urged the PIU to immediately undertake an information campaign in the project areas about its activities and impacts, and the proposed R&R measures using its field staff,. This essentially requires clear directions from the Government on the priority to be given by the DA on progressing with LA and implementing RAP, and well coordinated efforts involving all relevant departments.

31. **Implementation arrangement:** The mission noted that while a Social Specialist has been contracted to help the Project in LA process and RAP implementation, the position of the Deputy Commissioner is lying vacant. It was agreed that immediate steps would be taken to fill up this vacancy and ensure that the Deputy Commissioner is in place by April 15, 2009.

32. The institutional arrangement agreed in RAP requires involvement of NGOs both at the Project and Package level. The mission was informed that though NGOs have been short listed and approved by the Bank, the Project could not proceed contracting them due to delays at the Government level in giving go ahead with contracting process. This matter was discussed with the Chief Secretary who assured the mission that the NGOs for the 3 Packages and the Nodal NGO would be contracted soon. The mission clarified that selection of NGOs and their contact should be in accordance with the procurement process agreed for the project.

33. The mission was informed that in some of the project districts, the DA is emphatic on using local agencies especially on activities relating to HIV/AIDS and road safety measures. The mission clarified that the Social Management Plan (including RAP, HIV/AIDS and road safety components) should be executed in accordance with the agreed institutional arrangements.

Environment Management and Safeguards

34. ***Year 1 works*** The mission held discussions with the officials of the PMU/OWD along with Supervision Consultant (SC) and Project Managers (Contractor's team) regarding the status and progress with regard to implementation of Environmental Management Plans (EMP) for the three year-1 road contracts and visited contract 3.

35. In contract 3 (Berhampur-Taptapani), the establishment of camp and plant site (stone crushing unit and hot mix plant) is underway without the requisite approval of the location and lay-out from the SC. The selected site is in violation with the clauses/requirements of the EMP, which is a part of the contract document. Location of two villages (Amalagoda and Chancharapalli), one primary school and nearness to wildlife habitat (outside protected area) are a cause of concern with respect to the site selected by the contractor. No written agreement with the land owners has been made and submitted by the contractor.

36. The issue has been raised with the contractor by the SC's team during review meetings and site inspections (and through letters/memos as well) during the last three months. A specific meeting was also held under the chairmanship of OWD Secretary in January 2009 to discuss the said non-compliance and a joint inspection was organised during February 2009. The contractor has not paid heed to the instructions issued till date and has not taken any corrective action/s so far despite directions from the SC and PMU/OWD.

37. The mission expressed serious concern about violations and negligence on part of the contractor and made it clear that violations of EMP (including occupational health and safety issues) will not be accepted under Bank financed projects. It was also emphasized that the protocols for implementation, supervision, monitoring and documentation as framed under the EMP should be followed in letter and spirit. It was agreed that the Supervision Consultant would issue a final warning and action will be taken in line with contractual provisions (which includes penal provisions for non-compliance/violation as well). The establishment of plants will be stopped with immediate effect and the contractor will be required to find a new site for such activities. The PMU/OWD will update and inform Bank about the actions taken by all concerned (particularly by the Contractor and SC)

38. In case of contract 1 (Bhawnipatna-Khariar) and contract 2 (Anandpur-Bhadrak-Chandbali), the contractors are currently mobilising the manpower and are in the process of finalising camp and plant site locations. The mission emphasized that the Contractors need to adhere to EMP requirements including obtaining of necessary regulatory and procedural approvals in line with contractual provisions well in time to avoid cost and time implications resulting from various penal actions. The mission suggested that information about actions taken towards non-compliance on contract 3 should be shared with other contractors to deter them from making similar mistakes. Both the project managers assured the Bank that the non-compliance as in contract 3 will not be repeated in case of contracts 1 and 2.

39. ***Staffing:*** The identification and deployment of Environment and Safety Officers on site by the contractors is required in all the three year-1 works. So far, only one Safety Officer has been deployed on contract 3 and needs to be supported with the required resources (such as materials, labour, vehicle

etc.) to effectively perform the functions envisaged in the EMP. It was agreed that the required personnel will be mobilised (as per contractual requirements) on all contract packages by end of May 2009. Likewise, the SC has mobilized one Environment Officer for contract 3 (Berhampur-Taptapani) in December 2009. The same is required for contracts 1 and 2 and it was agreed that the two Environmental Officers will be deployed by May 31, 2009.

40. *Capacity Building and Training:* The mission stressed that staff sensitization and training, proper planning and timely action on various EMP requirements in line with the civil works programme will help in avoiding/minimizing unwarranted situations. Rectification and course correction due to poor and uncoordinated planning may have undesirable implications on cost and time (as in case of contract 3), which should be completely avoided both by the Contractor and the SC. However, before such a programme is organized, the mobilization of key site staff such as Resident Engineers and Environment Officers (from both Consultant and Contractor side) is necessary. An orientation programme for the field staff (after complete man-power mobilization) is being planned and is likely to be carried out during June 2009. The mission suggested PMU/OWD to consider site visit/s to other project/s as a part of this orientation programme, which has been readily accepted.

41. *Next Steps:* To help the project implement EMP activities in accordance with the agreed conditions, the mission suggested SC and PMU/OWD to focus and closely monitor/follow-up the following key activities over the next three to four months on all three year-1 contract packages:

- (a) Mobilization of Environment and Safety Officers by the contractors and their orientation
- (b) Camp and plant site location selection (submission of site report as per EMP stipulations and approval from CSC is necessary before the negotiations are made with the owner/s)
- (c) Lay-out and design of camp/plant/office facilities
- (d) Obtaining of NOCs, Consents and Permissions from OSPCB, Ground Water Dept. and other local agencies/officials;
- (e) Preparation and approval of debris/waste disposal plan, traffic management and emergency response plan
- (f) Identification, approval and documentation of material sources (earth, sand, aggregate, water) in line with EMP stipulations.
- (g) Identification and approval of Pollution Monitoring Agency

42. Among other activities, the following will be required:

- Strict enforcement of safety provisions (including night-time safety provisions) for the general public and workers.
- Integration of EMP requirements and targets in the work planning and programming – to be done by the contractor and reviewed properly by the SC
- Integration of environmental dimensions/aspects in the Construction Supervision Manual – to be done by the SC
- Review of status/progress on EMP implementation (and related issues) in monthly technical review meetings and record the proceedings/agreements.

43. *Year 2 works:* The mission had provided comments on the various sections of the Bidding Documents for year two works covering environment, health and safety aspects (including the EMP) earlier. The mission was informed that most of the corrections have been made and the revised documents will be shared with the Bank by end of April 2009.

44. *Institutional Arrangements:* The OWD/PMU has initiated the procurement process for the recruitment of Environment Expert and had forwarded the RFP (including ToR and list of short-listed candidates) to Bank for clearance for which some comments have been shared with PMU. It was agreed that the required corrections will be made by the PMU and the document will be re-sent to the Bank.

45. *Regulatory Clearances:* The felling of trees has been initiated on all three year-1 contracts. The responsibility rests with the contractor and therefore the cutting is being done as per their own work schedule. However, the PMU/OWD has not yet taken-up the 'tree protection marking' for contracts 1

and 2. This activity needs to be taken-up with immediate effect to prevent any undesirable loss of trees and it was agreed that this activity will be completed by mid-June, 2009.

46. For the year-2 works, the application for obtaining environmental and forest clearances (for diversion of forest land) are yet to be filed. The mission was informed that the activity has been pending for a while due to want of information related to land acquisition (which is being currently being compiled), the details of which are required for filling-in the application. The activity is likely to be taken-up in the coming months once the information is available.

Annex -I

Summary of Institutional Strengthening Action Plan (ISAP) 2008 – 2018

	Objective	Key Result Area
Road Sector Strategy		
1	Effective sector institutional framework, powers and capacities	Implementation of GOO-endorsed Roads Policy (development & management) framework. [March-2011] Determine new Tolling Policy [December-2009]; and initiate matching legislation. [December-2010] Decide Core Road Network (CRN) roads [February-2009]; and implement dedicated OWD capacity for CRN management. [December-2010] Well-defined legal 'Right of Way' (ROW) and asset management powers established by GOO legislation, rules and/or revised Code & Manual. [December-2010]
2	Adequate road sector funds mobilization	Autonomous <i>Road Fund</i> for road maintenance needs in place. [December-2012]
3	Satisfactory sector information, consultation, governance and accountability mechanisms	Implementation of GOO-endorsed Governance & Accountability Action Plan (GAAP) for OWD. [June-2012] Annual and multi-year plans and public reporting in place. [December-2012]
4	Comprehensive master planning for main roads	Orissa road network Master Plan in place [June-2012] Multi-year plans and Annual Plans for roads development and management in place, in line with master plan(s). [December-2011]
5	Effective Road Safety policy, resources & action	Endorsed Road Safety policy and Action Plan in place, with new responsibility framework and resources. [June-2012]
6	Private sector participation in road sector infrastructure	State-level PPP/BOT policy and guidelines (June-2007); model concession agreements in place (June-2008); and inaugural projects implemented [June-2013]
7	Sound road construction industry capacity	Orissa-based contractors more capable of winning and executing roads contracts satisfactorily, here and across India. [March-2012]
Core Processes		
8	Transparent, effective and accountable <i>procurement</i> policy / processes in OWD	Clear and effective procurement delegations to OWD staff. [December-2010] <i>E-procurement</i> in place as standard for OWD roads contracting. [June 08]
9	Effective performance monitoring by OWD	Performance monitoring and evaluation (M&E) system in place. [December-2012]
10	Rationally prioritized Road Maintenance funds planning & commitment	OWD asset management system (RAMS) in place for network asset database, and for prioritization of road maintenance (RM) funds annually. [December-2013]
11	Improve quality in road construction and maintenance	Initial pipeline of PPP and PBRMC based civil works and maintenance projects implemented by OWD. [June-2014]
12	Environment and Social aspects of roads activities are properly resolved.	OWD processes and capacity in place to manage Environment and Social factors and impacts in road projects/ works effectively [December-2012]
Organizational Structure & Management		
13	Efficient management of Core Road Network (CRN)	Implement dedicated CRN management unit within OWD [June-2010]; and establish Orissa Road Development Corporation (ORDC) [December-2014]

14	Effective OWD organization for performing new roads roles and responsibilities	Strengthened, updated OWD organization in place for roads policy, planning and programming roles and functions. [June-2013]
Financial Management, Audit & Administration		
14	Effective OWD finance, budget management and accounting	Comprehensive IT-based Financial Management System and Asset Register in place in OWD [March-2012] Updated, adequate administrative and financial powers, authorisations and delegations in place in OWD, including via revised OWD Code & Manual [June 2011]
Information & Communications Technology (ICT), MIS & GIS Applications		
15	Comprehensive and efficient IT & ICT support for OWD roads sector planning & management	Effective <i>IT-ICT-MIS Strategy</i> , function(s) and implementing capacity in place in OWD [December-2010] Efficient, sustainable IT-based MIS resources, facilities and capabilities in place, supporting OWD decision-making [December-2012]
Human Resources (HR) Development & Capacity Building		
16	Sustainable and effective OWD capabilities and performance in roads functions	Comprehensive OWD Training Needs Assessment (TNA) done and findings being implemented. [December-2010] TNA-based Training and Staff Development strategy, programs and supporting capacity in place. [June-2012] Improved OWD staff performance appraisal policy, processes and supporting resources in place. [June-2013]

TERMS OF REFERENCE

**CONSULTANCY SERVICES FOR
PREPARATION OF IT- ICT-MIS STRATEGY & IMPLEMENTATION PLAN
FOR ORISSA WORKS DEPARTMENT [OWD]**

Background

1. To manage the State's major road network successfully and to ensure that investments in new road infrastructure assets can achieve the expected socio-economic outcomes in Orissa, the Government of Orissa (GOO) requires an effective and efficient institutional structure in the roads sector. Achievement of this will be supported via various institutional strengthening and capacity building measures to be implemented as part of the new World Bank assisted *Orissa State Roads Project* (OSRP), under implementation since late 2008.
2. As part of its efforts towards this goal, the GOO has since 2005 already been acting to modernize its roads functions, presently centered on the Orissa Works Department (OWD). These actions are based on a roads sector Institutional Development Strategy (IDS), established in 1999-2000 and currently being updated with the assistance of local consultants. A key result of this updating process will be a GOO-endorsed Institutional Strengthening Action Plan (ISAP), comprising both 'catch-up measures' to upgrade the ongoing OWD functions and resources in roads management, and strategic measures to modernize the structure and overall capacity of the roads sector in future.
3. In the short-to-medium term, it is crucial for GOO interests and the state's road sector needs that the full range of OWD capabilities and resources be strengthened. The new Project will help the OWD to continue and extend the OWD capacity development measures already underway.
4. An important element of this will be the adoption of an effective agency-wide Management Information System (MIS) in the OWD, supported by effective Information Technology / Information & Communications Technology (IT / ICT) architecture. The OWD is responsible for action to achieve this.
5. Accordingly, the OWD now wishes to engage external assistance with particular expertise in the MIS and IT / ICT fields to help the OWD to decide the strategy to meet these challenges. This assistance is to be engaged in the form of consultancy services.

Overall Objective

6. The objective of these consultancy services under these Terms Of reference (TOR) is to help the OWD to (a) develop a comprehensive medium-to-longer term IT-ICT-MIS strategy, compatible with current GOO policy on IT thrusts in the state's public sector, and (b) prepare an implementation strategy, phased roll-out plan(s) and broad cost-estimate(s) for implementation of the proposed strategy. The consultants are expected to identify initiatives which - building on the achievements and benefits of the state-wide initiation of *e-procurement* - can quickly usher in an IT-ICT oriented work culture within the department.

Scope of Services

7. The elements of the services to be provided by the selected services provider (hereafter referred to as the Consultant) are as follows.
 - a) To undertake an As-Is study of the existing Processes and IT/ICT capacities of OWD.
 - b) To undertake a study of the IT/ICT initiatives of the state of Orissa with a view to aligning the departmental ICT strategy with that of the state.
 - c) To particularly assess the impacts on OWD workings and capabilities of the recent GOO-driven action to establish *e-procurement* for all tendering and contracting activities within GOO agencies, and how this has affected the OWD capacity for further effective application of IT-ICT facilities and resources.

- d) To visit field offices of OWD to ascertain the existing hardware / software infrastructure available in the field.
- e) To create a **Medium-term (5 Years) ICT Strategy** for the OWD, covering IT/ICT areas such as general departmental management, road inventory and maintenance (asset) management, integrated financial and project activity management, agency-wide Financial Management (with associated reporting) and asset control, human resource management and training.
- f) To identify specific applications needing to be developed and rolled out for the OWD as per this Strategy and the likely timeframes and resources required.
- g) To identify an institutional structure / solution in the department's HQ and Field Offices and personnel requirements for rolling out, operating and maintaining the planned ICT-based facilities and systems in OWD
- h) To identify the training and capacity building requirements for OWD staff
- i) To prepare a project plan for the highest priority initiative(s) under the Strategy, outlining key actions; the requirements of hardware, system software, application software, training & capacity building, project timelines, implementation methodology, person-month efforts required, necessary external inputs, the budgetary / funding requirements and a proposed procurement plan
- j) To assist OWD with the steps and documentation (etc.) involved in departmental and GOO decision-making on the recommended Strategy and its implementation.

Location & Duration of Services

8. For contractual and managerial purposes, the services shall be provided and delivered at the OWD headquarters in Bhubaneswar, Orissa, India. Where operations in / travel to OWD field units are required for parts of the services, this will be resolved in due course between the OWD and the Consultant on a case-by-case basis.

9. The total delivery timeframe for these services shall be **approximately 4 months** from the mobilisation of the Consultant. This timeframe includes provision for a period of **six (6) weeks** at the end of the services, for the Consultant's completion of the Final Report following client feedback on the Draft version. Within this timeframe, the consultant's overall inputs are expected to be approximately two (2) man-months.

Annex -III

Sl. No.	Name of the Officers	Designation	Weather undergone training for the World Bank Procurement	Remark
1	Er. Jayamangal Nayak	Chef Engineer	Yes	The P.M.Unit Proposes to sponsor the balance officer of P.M.Unit to take training on World Bank Procurement within December 2009
2	Er. Saroj Kumar Mishra	Executive Engineer - I	Yes	
3	Er. Prasana Kumar Maharana	Executive Engineer - II	No	
4	Er. Dr. (Er) Narayan Chandra Pal	Executive Engineer - III	No	
5	Er. Manoranjan Mishra	Executive Engineer - IV	No	
6	Er. Dhiren Kumar Prusty	Executive Engineer - V	Yes	
7	Er. Nrupuncha Keshari Parida	Executive Engineer - VI	No	
8	Er. Sameer Hota	Asst. Engineer	Yes	
9	Er. Pradyumna Ku. Sethy	Asst. Engineer	No	
10	Er. Bidhan Ch. Majhi	Asst. Engineer	No	
11	Er. Akshay Ku. Sahoo	Asst. Engineer	No	
12	Er. S.S.Swain	Asst. Engineer	No	
13	Er. Kasinath Patra	Junior Engineer	No	
14	Er. Pradeep Kumar Mishra	Junior Engineer	No	
15	Er. Dusmanta Ku. Mahanta	Junior Engineer	No	
16	Er. Sulekha Ch. Nayak	Junior Engineer	No	
17	Er. Nancy Pattanaik	Junior Engineer	Yes	


Chief Engineer,
World Bank Projects, Orissa