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Sent: Thursday, December 10, 2009 7:18 AM
Attach: OSRP limited IS & GAAP mission 1109 - team Note - rev4 final.doc
Subject: P100332 : Interim Mission Note on GAAP and IS Components of the Project
S K Ray
Secretary, OWD, Government of Orissa

Dear Mr Ray,

As agreed during the first implementation support mission, we undertook an interim mission to review the implementation of Governance and Accountability Action Plan (GAAP) and Institutional Strengthening Components from November 25 to 30th, 2009. I thank you and your colleagues for the cooperation and support provided to the mission during their visit to Orissa.

Overall, I am happy to note that there is a positive initial development on many fronts both on GAAP and IS front. However, I am concerned to note that procurement of IS consultancy services has been further delayed. I trust you will appreciate that many actions on IS are dependent on these services, which is needed to be procured on urgent basis. I urge you to please review this and ensure that procurement process of these services are expedited.

Please find attach the mission note, which depicts the current status and action agreed in detail.

regards

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(See attached file: OSRP limited IS & GAAP mission 1109 - team Note - rev4 final.doc)

INDIA: Orissa State Roads Project

Note on Visit of Bank Team: November 25–30, 2009

1.0 Introduction

1.1 As agreed during the first implementation support mission in September, a World Bank team comprising Krishnan Srinivasan, Governance Specialist (Consultant) and Ernst Huning, Institutional Development Specialist (Consultant), visited Orissa over the period November 25-30, 2009, as part of the Bank's implementation support to the Government of Orissa (GOO) and the Orissa Works Department (OWD) for the Orissa State Roads Project (OSRP).

1.2 The limited scope of this visit (as advised to the OWD beforehand) was to review implementation of the *Governance & Accountability* and *Institutional Strengthening* sub-components of the Project. The Aide Memoire of the September 2009 'full' Bank OSRP implementation support mission had noted delays in important actions in these two areas which needed to be overcome urgently, including via more dedicated OWD arrangements, efforts and capacity for the implementation of the Governance & Accountability Action Plan (GAAP) and the Institutional Strengthening Action Plan (ISAP), respectively, as these Plans are vital parts of the overall Project development objectives.

1.3 In undertaking this review, the team was given valuable briefings and support by officials of GOO and OWD¹ as well as by the Project Management Unit (PMU) team of the OWD. The Bank team also met with representatives of the GOO-centered Orissa Computer Applications Centre (OCAC), which is part of the IT Department of GOO.

2.0 Overall

2.1 Given the tardy GAAP implementation progress previously and the seriousness given to the GAAP, it is heartening to note that the GAAP responsibilities in both OWD and the PMU have been clarified and reassigned, and that there is evidence of a positive approach and motivation in both the PMU and via the OWD Additional Secretary towards implementing realistic actions to ensure good governance on the project. It was agreed that at least in the near future, progress by OWD/PMU on agreed critical actions for the GAAP elements of the Project should be closely and regularly monitored, including during the upcoming December 2009 mission.

2.2 In relation to the ISAP implementation status, while various ISAP targets are now lagging these are mostly dependent on the availability of the consultancy services for technical and facilitation requirements. The OWD has however acted positively on matters within its own capacity such as the Tolling Policy, the enhancement of the PMU structure / roles and the initiation of the 'IS / ISAP responsibility and action framework', as per discussions in the September 2009 mission.

2.3 The Bank team's findings and agreements reached with concerned OWD and PMU staff on required actions are outlined in more detail below, followed by 2 brief Tables on (respectively) the status of previously agreed actions and on new key actions arising from this visit.

¹ Mr. N.K. Pradhan, Project Director (OSRP); Mr. S.N. Dey, Additional Secretary, OWD; Mr. D. Das, Joint Secretary (Admin) and CVO; Mr. D. K. Samal, Deputy GM – OCAC; Dr. P. K. Rout, PMU Head - OCAC; Mr. S. K. Mishra, Executive Engineer-I OSRP-PMU; Mr. B. C. Tripathy, Executive Engineer-II (OSRP-PMU); Dr N. C. Pal, Executive Engineer-III (OSRP-PMU); and Mr. S. Hota, Assistant Executive Engineer (OSRP-PMU).

3.0 Implementation of the Governance & Accountability Action Plan (GAAP)

3.1 Overall OWD responsibility for the implementation and coordination of the GAAP has been clarified and strengthened, having been assigned to the Additional Secretary (OWD), while the operational responsibility has been assigned to concerned Executive Engineers in both OWD and the PMU on an 'additional charge' basis. The recent PMU re-structuring and staffing changes are also a positive contributing factor towards the more proactive OWD approach to GAAP aims and requirements. The Bank team had detailed discussions on critical aspects such as the adequacy of the OSRP information disclosure on the project website, the establishment of planned 'complaint handling' mechanism and required action towards implementation of the 'independent quality monitoring' resources, the inaugural 'road user satisfaction survey' (RUSS) as per Project covenants and the baseline data collection for combined GAAP / ISAP (etc.) purposes. The following are more detailed observations on these aspects.

3.2 The project website (www.osrp.gov.in) is functional and already hosts all Project-related information as mandated under the GAAP, such as the PAD, all procurement-related information, all required Environment and Social safeguards documents, all mission Aide-Memoires to date and all the interim unaudited Financial Reports. The main 'missing' exception is the Procurement plan, which has (as will also be required at future times during the Project term) been revised by the OWD and submitted for Bank review / clearance. However, the OSRP website still does not provide details of complaint handling mechanisms, process for disqualification of bidders or vigilance-related information. It was agreed that PMU will now promptly get these uploaded onto the OSRP website, which would then be reviewed (inter alia) by the proposed interim mission from December 21 to 24 2009. As the PMU has also experienced ongoing difficulties in getting experienced IT assistance for maintaining and developing the website and for other IT-related needs, it was agreed the PMU will now act to urgently engage suitable IT expertise from outside GOO on a one-year contract basis, to be sited in-house as part of the PMU team. This will be "without prejudice" to longer term, more comprehensive solutions for IT functions and capacity in OWD, to be established once the still-awaited departmental IT-ICT-MIS strategy is implemented (addressed separately below). The Bank team and PMU staff also reached broad agreement on possible TOR for such PMU-centered IT services, which the PMU need to finalize and implement.

3.3 The Bank team emphasized the urgent need to have an effective complaint handling mechanism to ensure complaints from the public and other stakeholders on project procurement, quality and fraud and corruption issues can be lodged, channelized and addressed efficiently and transparently. The concerned OWD and PMU staff have agreed that initially, the RTI-focused Public Information Officer (PIO) will also be formally designated as the Complaint Handling Officer (CHO), thus being the focal point openly for all OSRP-related complaints. The level of incoming complaints 'traffic' may initially be significant and as the PIO-cum-CHO role is presently handled on an 'additional charge' basis, it was agreed some dedicated supporting resources would be put in place quickly by the PMU, primarily a telephone operator who would receive and register all complaints received via the 'complaints telephone number', perform appropriate record-keeping and monitor the status of follow-up of all received complaints. Data on the complaints 'traffic' would be posted on the OSRP website and shared with the Bank via the periodic QPRs. It was also agreed that the complaint handling mechanism would be widely communicated (through Internet, citizen information boards at project sites, at project headquarters² and field offices) and will at least include the contact information of the Complaint

² In this regard, the team was pleased to see at the PMU premises, a project information board with the names of the PIO and APIO for the PMU for any information sought on the project under the RTIA.

Handling Officer(s) and the dedicated telephone number(s) for lodging complaints. The Bank team advised the PMU on how other states (such as Kerala, Himachal Pradesh and Punjab) are already implementing similar mechanisms and time-bound procedures to address such complaints. Using such examples, the PMU has agreed to finalize suitably-adapted procedures and upload them on the OSRP website by end-2009.

3.4 The Bank team met with the Joint Secretary / Administration of the OWD in his additional capacity as the Chief Vigilance Officer (CVO) of the OWD. He outlined the Department's main Vigilance functions and his role in that context, in terms of dealing with Vigilance mandate and taking a leading role in OWD in deterring fraud and corruption within the Department. The OWD has apparently not been able to proceed with establishment of a dedicated full-time Vigilance unit in the Department, owing to overall resource constraints. As the CVO is in fact holding the Vigilance function as an additional charge, relative to his other responsibilities the Vigilance responsibilities can typically take up only about 20-25% of his time. A bid by the CVO for some support staff (in the form of an SE and 2 EEs) to perform 'operational' Vigilance functions in addition to their regular OWD functions, has not so far been approved. Overall, the Vigilance unit is not adequately equipped to perform all of its intended functions in the Vigilance framework in the OWD, particularly the 'prevention / deterrence' aspects. It was agreed this needs to be addressed in the OWD reorganization / modernization action expected to be tackled next year, when the 'ISAP implementation support' consultancy services are in place.

3.5 The Bank team explored with the CVO and PMU staff the scope for periodic interaction between the various OWD and OSRP elements responsible for Vigilance and Quality. The Bank team suggested that the CVO may henceforth publish a brief Annual Report outlining the types of Vigilance cases taken up within OWD and their treatment/disposal along with recommendations for future capacity and/or process improvements in the OWD/OSRP³. To better meet part of the information disclosure requirements incumbent on the OWD/OSRP, the Bank team suggested that the Vigilance information webpage on the OWD website should include information on the Vigilance processes being followed and on the type and number of cases resolved, updated periodically⁴ and with a direct link between it and the OSRP website. It was agreed that these measures should be accomplished by/before the late December 2009 Bank mission. The Bank team suggested that the Department could initiate a regular Workshop on Vigilance and Quality themes at (e.g.) quarterly intervals from March 2010 onwards, involving the CVO and other Vigilance-involved staff plus the Research Development and Quality Promotion (RDQP) wing, the Additional Secretary – Administration (given his lead role in the GAAP process), the PMU staff and the external entities now being put in place for Quality monitoring in OSRP works as well as representatives of relevant Civil Engineering academia in Orissa. The workshop would (inter alia) apprise OWD staff of the departmental Vigilance and Quality functions, give support to preventive Vigilance functions in OWD and seek to identify improvements in the overall OWD efforts on quality control, as well as facilitating feedback on Vigilance and Quality related issues from staff⁵. It was suggested that the OWD would plan for such a Workshop in March 2010 wherein the recently empanelled state-level Quality Monitoring Personnel (QMP) could also participate.

3.6 With regard to the independent quality monitoring, the mission was informed that the GOO has empanelled Quality Monitoring Personnel (QMP) for each of the 29 districts in the

³ In this regard, the Bank team agreed to share with OWD/OSRP relevant experiences from the Vigilance Department of the MRVC in Mumbai, which has started a number of proactive initiatives.

⁴ Details of the type and disposal of vigilance and other cases in the last 5 years were shared and discussed.

⁵ It would be desirable for the first of these workshops to be timed to coincide with the Bank's next full implementation support mission in March 2010, to enable Bank participation and knowledge-sharing.

state, with three of them having additional responsibility for quality monitoring on the three OSRP packages as well.⁶ While the effectiveness of the QMP mechanism has yet to be demonstrated, after extensive discussion with the PMU the Bank team accepted that as the QMP appointees identified for the OSRP packages are all retired senior OWD engineers of suitable experience and utmost integrity, this initiative should proceed as per the GOO intentions. However it was agreed that the PMU will (for at least the OSRP works) arrange some enhancement of the relatively broad QMP terms of reference.⁷ In addition, the PMU concurred with the Bank team that this mechanism will be evaluated periodically for its effectiveness.

3.7 It had already been agreed in previous missions to proceed with the PMU-preferred concept of possibly harnessing local technical institutes / engineering colleges in Orissa to conduct quality monitoring on the OSRP works, as a means of implementing the planned OSRP 'third-party monitoring'. Following further discussion during this visit, it was agreed to first 'pilot' this concept, by initially giving only a single university the task for quality monitoring on one package (Behrampur-Taptapani). Depending on the effectiveness of this 'third party quality monitoring' pilot, the model may be scaled up in suitable phases to cover the entire OSRP. The PMU agreed to draft a suitable ToR by end-2009 for Bank review and to aim at awarding the pilot contract for such monitoring by/before end-June 2010.

3.8 With regard to the possibility of using the state's *e-procurement processes* for the OSRP phase II contracts, the Bank team was informed that a decision in this matter is awaiting Bank advice on the outcome of the review of the GOO *e-procurement* system by the Bank's Procurement Unit.

4.0 Implementation of the Institutional Strengthening Action Plan (ISAP)

4.1 While many planned 'operational' ISAP activities are still dependent on mobilisation of the 'ISAP implementation support' consultancy and technical services, the OWD has meanwhile made significant progress on important IS elements, viz.

- Completed the drafting of a new Tolling Policy and a new Roads Act for GOO, now undergoing final Law Department (etc.) review/clearance prior to tabling in the Assembly
- Implemented the re-organization, role changes and strengthening of the PMU for OSRP, along the lines recommended by the September 2009 Bank mission on OSRP, to align the PMU resources (particularly at the Executive Engineer level) more directly with the respective project works 'packages' as well as clarifying the PMU carriage of safeguards responsibilities, procurement and project FM functions, asset management, GAAP, ISAP and training (see the attached copy of the relevant OWD Office Order of 24/11/2009)
- embraced the GOO-wide transition to *e-procurement* within the main OWD areas as the basis henceforth for all OWD tendering, and
- Moved to initiate a framework of OWD roles and capacity to 'drive' the IS process within the Department, in addition to the limited PMU role in ISAP matters, as also urged by the September 2009 Bank mission.

4.2 New ISAP Responsibilities: In relation to the latter, OWD management recently submitted for GOO authorization a proposed Government Order (GO) which aims to (i) assign overall IS 'lead responsibility' to the OWD Engineer-in-Chief (Civil) position; (ii) re-activate the ISAP Steering Committee that had been instrumental in development of the ISAP up to the OSRP

⁶ The mission was provided a copy of the G O and the terms of reference for these QMPs.

⁷ To maintain the independence of the quality monitoring, it was suggested that the QMPs could get the materials/samples tested at any state approved laboratory, rather than limiting them to use of the contractor's laboratory on site.

appraisal; and (iii) establish an ongoing ISAP Working Group (IWG) under the chairmanship of the E-n-C (Civil) and comprising members both from OWD and from other GOO departments. The submitted GO is expected to be cleared within GOO for issuance within one week, and on that basis, it was agreed that the inaugural IWG meeting would take place before end-December 2009. The Department has not yet been able to consider establishing a supporting full-time "IS Cell" under the E-n-C (Civil), due to ongoing GOO-wide resource constraints. Instead, the OWD has decided that senior staff in the Administration (Secretariat) wing and senior PMU staff shall form an OWD-only 'mini-IWG' which may meet 'as required' to tackle specific ISAP matters.

4.3 Consultancy Services for ISAP Implementation: The OWD action to engage the Project-funded 'Road Sector Institutional Development' consultancy services (i.e. the 'ISAP implementation support' consultancy services) is at the stage of evaluation of proposals. Some issues have arisen therein that now require separate OWD resolution. Thereafter and when the overall selection proceedings have been finalized (including with the necessary Bank review/clearance), it is anticipated that mobilization of the selected consultants may be possible by early March 2010. At that stage, the new ISAP Working Group and the selected consultants will (during the services' Inception phase) need to jointly review and update the overall prioritisation and phasing of planned ISAP activities, to take into account any major changes in OWD needs and circumstances since the services' TOR were established in 2007/8.

4.4 Revision of OWD Code and Manual: The separate procurement action underway since 2008 via the PMU to secure consultancy services on a stand-alone basis for revision of the OWD Code & Manual has after much delay been unsuccessful and this action was therefore cancelled by the OWD on 1 October 2009. While recent PMU correspondence to the Bank has sought the Bank's assistance in identifying possibly suitable consultants for a new procurement initiative, as had already been discussed in the September 2009 mission, the mission suggested that it would be more efficient to now link the 'OWD Code & Manual revision' task with the 'ISAP implementation support' consultancy services, for which procurement action is now finally at an advanced stage. The OWD / PMU proposal for this task (as put to this Bank team) is to undertake much of the task via a new specific-purpose task force or working group to be led by the concerned OWD Chief Engineer and involving representatives of both OWD areas and of various other GOO departments and agencies that use the same Code & Manual in their activities. This new task force / working group would be linked to the ISAP-WG for oversight (etc.). *It was agreed that the revision of OWD code and Manual through this new approach will be discussed and agreed during the inaugural meeting of the new ISAP Working Group (expected shortly).*

4.5 IT-ICT-MIS Strategy & Support: The Bank team noted that no progress has been made on development of an OWD-specific IT-ICT-MIS Strategy. Given the lack of an IT Department / OCAC response to the letter from the OWD Secretary on 18 June 2009 requesting their assistance, the Bank team and PMU met with senior OCAC staff twice during this visit to either get a commitment from them to undertaking at least the first stage 'IT-ICT-MIS vision / strategy development' task for OWD, or to 'de-link' the OCAC from this task so that other options and resources may urgently be explored. Prima facie, the meetings with OCAC appear to be leading towards a positive result, with the OCAC-PMU head giving an assurance to OWD/PMU that they will forward a proposal this week for taking on the 'vision / strategy development' assignment, which would be funded from OWD funds. If such a proposal eventuates and is acceptable to the OWD/PMU, then a competent Vision / Strategy could be established by end-May 2010. The PMU has agreed to follow-up directly with the OCAC-PMU in this matter. In the event that OCAC cannot take on the assignment **at this time**, it has been agreed that the PMU will take action to engage suitable IT expertise from outside GOO by end-January 2010. The late December 2009 mission will need to review the status of this matter, which is becoming critical to the achievement of the various IT-ICT-MIS measures being outlined in the Vision / Strategy

for effective IT support to OWD functions, operations and communications. Thereafter, in early 2010, separate TOR/RFP action can be initiated for technical and consultancy services to subsequently implement the identified IT-ICT-MIS plans.

4.6 Road User Surveys & Baseline Data Collections: Given other recent priorities affecting the PMU through GOO and Assembly requirements as well as the PMU re-organization process, there has been no progress yet towards the first Road User Satisfaction Survey (RUSS), required under the Project covenants. There has also been no progress yet on the parallel task of gathering 'start of project' baseline data on agreed GAAP and ISAP progress measures covering various technical, administrative and operational factors. Previous Bank missions have provided the PMU with relevant sample documents and Term of Reference (TOR) to guide the scoping of both the RUSS services and the ISAP/GAAP baseline data collection, possibly using outside resources such as local universities and/or institutes. The Bank team again expressed concern that data should be captured now on the 'start of project' conditions and benchmarks for future monitoring and evaluation of GAAP and ISAP impacts and achievements, before Project impacts and the inevitable ongoing changes in the Project environment have had significant effects. It was again agreed that the PMU need to take urgent action to engage consultants for the RUSS (covering essentially the CRN) and the baseline data collection. The OWD/PMU and the Bank team discussed the desirability that the baseline data collection exercise, given its requirement for access to OWD (and in some cases, GOO) working records and files, should be conducted under the oversight and coordination of the ISAP-WG (or IWG). Overall, it was agreed that PMU will finalize the respective draft TOR/EOI for both the RUSS and data collection services in time for joint review during the late December 2009 mission.

4.7 Road Asset Management System: The Bank team was advised that the PMU have made changes to the proposed RFP that are consistent with previous discussions with the Bank and have submitted the revised RFP to the GOO for clearance (a copy for information was sent to the Bank in late October). The revised RFP will be sent to the Bank following the GOO's clearance.

Status of Previously Agreed Actions - From September 2009 Mission

<i>Action Reference</i>	<i>Action Status & Actions Required</i>	<i>Agency</i>	<i>By Date</i>	<i>Status</i>
IS Component (includes both GAAP & ISAP)				
	Assign 'lead responsibility' for ISAP (and GAAP) in OWD to an E-i-C or CE position	OWD / GOO	Nov 15, 2009	Done
	Activate a part-time ISAP Working Group	OWD / GOO	Nov 15, 2009	Nearly done
	Initiate a dedicated full-time IS Cell in OWD	OWD	Nov 15, 2009	Not being done
	Forward Technical Evaluation report on IS consultancy services to Bank for review	OWD / PMU	Sept 30, 2009	Not done
	Strengthen OWD roles and resources for GAAP implementation responsibilities	OWD	Nov 15, 2009	Partly done
	Forward proposal for Road User Satisfaction Surveys (RUSS) services for Bank review	OWD / PMU	Nov 15, 2009	Not yet done
	Forward proposal for external services for ISAP / GAAP / PMI Baseline Data Collection to Bank	OWD / PMU	Nov 15, 2009	Not yet done
	Finalize draft IT-ICT-MIS Strategy for OWD	OWD	Dec 31, 2009	Not yet done

Now-Agreed Actions - For Review in Next OSRP Mission

<i>S. No.</i>	<i>Action Status & Actions Required</i>	<i>Agency</i>	<i>By Date</i>
Project Management			
1	Engage IT Support person for PMU-centered needs	OWD / PMU	January 31, 2010
IS Component (includes both GAAP & ISAP)			
	Designate the RTI-focussed Public Information Officer (PIO) as Complaint Handling Officer (CHO) and notify this and the complaints handling procedures on OSRP website	OWD	December 31, 2009
	Upload Procurement Plan, Vigilance processes and details of bidder disqualifications onto OSRP website	OWD / PMU	December 31, 2009
	Prepare suitable ToR for pilot of 'third-party works quality monitoring' services, for Bank review	OWD / PMU	December 31, 2009
	Finalize proposal for execution of Road User Satisfaction Surveys (RUSS) services for Bank review	OWD / PMU	December 31, 2009
	Conduct inaugural meeting of ISAP Working Group (IWG) and address proposal for new WG for OWD Code & Manual revision	OWD / GOO	December 31, 2009
	Finalize proposal for baseline data collection for ISAP / GAAP / PMI purposes, including external assistance, for Bank review	OWD / PMU	December 31, 2009
	Engage OCAC or other expertise for drafting of IT-ICT-MIS vision / strategy for OWD	OWD / PMU	January 31, 2010
	Complete selection process for IS consultancy services and forward to Bank for review	OWD / PMU	January 31, 2010
	Planning for workshop on Vigilance and Quality policy, roles and activities in OWD and OSRP works		March 15, 2010