

**MOST IMMEDIATE**

F. No.1/03/05-FB-VI  
Government of India  
Ministry of Finance  
Department of Economic Affairs  
\*\*\*\*\*

North Block, New Delhi,  
Dated: April 9, 2013

To

633

Mr. Onno Ruhl,  
Country Director,  
World Bank,  
70 Lodi Estate,  
New Delhi.  
(Fax:24619393)

**Subject: World Bank assisted Odisha State Roads Project (Loan No.7577-IN) -  
Countersigning of Amendment to the Loan Agreement and Project  
Agreement reg.**

Dear Sir,

Please refer to the World Bank's letter dated February 22, 2013 forwarding the three original copies of the Amendment to the Loan Agreement and Project Agreement for countersigning of Government of India and Government of Odisha in respect of restructuring of World Bank assisted Orissa State Roads Project (Loan No.7577-IN).

Enclosed please find an original copy of the Amendment to the Loan Agreement and Project Agreement, duly countersigned by Shri Nilaya Mitash, Joint Secretary(MI) on behalf of Government of India and Shri B.K. Patnaik, Chief Secretary, Government of Odisha on behalf of Government of Odisha.

Yours sincerely

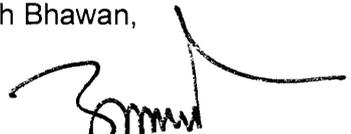
Encl: Original copy of the Amendment to the  
Loan Agreement and Project Agreement  
dated 22.02.2013

  
(Aparna Bhatia)  
Director(MI)

Tel:23094443/Fax:23092477  
aparnabhatia2002@gmail.com

Copy with a copy of the Amendment to the Loan Agreement and Project Agreement, duly countersigned by GOI & GoO to:

1. Mr. S.K. Ray, Engineer-in Chief & Secretary, Works Department, Government of Odisha, Bhubaneswar-751001.Fax:0674-2402912 /2391651 (original copy of Amendment to the Loan Agreement and Project Agreement is enclosed)
- ✓ 2. Mr. Nalini Kanta Pradhan, Chief Engineer, World Bank Projects, Govt. of Odisha Bhubneshwar. Fax : +91 674 239 0080
3. Shri Jasvinder Singh, Joint Controller of Aid, Accounts & Audit, Janpath Bhawan, Janpath, New Delhi-110001.

  
(Aparna Bhatia)  
Director(MI)

*Sh. Tripathy / Sr. R. Mishra*  
*OS*  
*15/4/13*

1 copy to SE ISAP  
2 copy To WR file  
3 copy to FA PMU  
Beepally AE to upload in website under Project Agreement  
16-4-13



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New Delhi Office  
70 Lodi Estate  
New Delhi - 110 003  
India

Telephone : 24613241/24619491  
Cable Address: INTBAFRAD  
Mailing Address : P.O Box 416  
Facsimile : 24619393

**The World Bank**  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

February 22, 2013

Mr. Nilaya Mitash  
Joint Secretary  
Department of Economic Affairs  
Ministry of Finance, North Block  
New Delhi 110001  
India

Mr. B. K. Patnaik  
Chief Secretary  
Government of Odisha  
Odisha  
India

Dear Mr. Mitash and Mr. Patnaik:

**IN: Orissa State Roads Project (Loan No.7577-IN)**  
**Amendments to the Loan Agreement, the Project Agreement and the Supplemental Letter**  
**(Performance Monitoring Indicators)**

We refer to the Loan Agreement between India (the "Borrower") and the International Bank for Reconstruction and Development (the "Bank") dated January 27, 2009 (the "Loan Agreement") and the Project Agreement of the same date between the Bank and the State of Orissa (the "Project Agreement") for the above-referred Project (the "Project"). We also refer to: (i) our letter dated November 15, 2011 to the Chief Secretary of the Government of Orissa indicating the Bank's withdrawal of support to all Public Private Partnership (PPP) activities under the Project; (ii) the Letter from the Government of Odisha Home Department dated November 19, 2011 regarding the alteration of the name of the State of Orissa"; (iii) the Government of Odisha's letter EAP 52/126396/W dated July 10, 2012 and (iv) DEA letters dated August 7, 2012 and September 24, 2012.

As per the meeting held in Department of Economic Affairs (DEA) on January 15, 2013, we hereby propose to amend the Loan Agreement, the Project Agreement, and the Supplemental Letter on performance monitoring indicators as follows:

**I. Loan Agreement**

1. "Orissa", wherever it appears in the Agreement, is replaced with "Odisha".
2. The text under Part A of Schedule 1 is revised to read as follows:

"Widening, strengthening and selective realignment of about 310 km of existing roads in the State of Odisha to the double-lane standard, to be completed in two phases: (i) Phase I Roads, comprising about 204 km of total roads included in the Project; and (ii) Phase II Roads, comprising 106 km included in the Project; and implementation of ancillary social, health, resettlement and environmental measures."

3. The heading of the Part B in Schedule 1 is revised to read as “Sector Policy and Institutional Development and Implementation Support”.
4. Part B.1 in Schedule 1 is deleted in its entirety and is purposely left blank.
5. Part B.2 (c) in Schedule 1 is amended to read as follows: “strengthening the OWD capacity in core business functions, including road safety, road assets management”.
6. The table in Section IV A.2 of Schedule 2 is amended to read as follows:

<b>Category</b>	<b>Amount of the Loan Allocated (Expressed in Dollars)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Civil works, goods, consultants' services, Training, R&R Assistance, and Incremental Operating Costs	194,827,631 ✓	80%
(2) Refund of the Project Preparation Advance	547,369 ✓	Amount payable pursuant to Section 2.07(a) of the General Conditions
(3) Front End Fee	625,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (c) of the General Conditions
(4) Premia for Interest Rate Cap and Interest Rate Collar	-0-	Amount payable pursuant to Section 2.07 (c) of this Agreement in accordance with Section 4.05 (c) of the General Conditions
<b>Cancelled as of January 15, 2013</b>	<b><u>54,000,000</u></b>	
<b>Original Amount of the Loan</b>	<b><u>250,000,000</u></b>	

7. Section IV.B.2 of Schedule 2 is amended to read as follows:  
“2. The Closing Date is June 30, 2016”.
8. Paragraph 3 in the Appendix is amended to read as follows: “Consultant Guidelines” means the “Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers”, January, 2011”.
9. Paragraph 18 in the Appendix for the definition of “PPP Cell” is hereby deleted and is purposely left blank.

10. Paragraph 19 is amended to read as follows: "Procurement Guidelines" means the "Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans, and IDA Credits & Grants by World Bank Borrowers", January 2011".
11. In Paragraph 20 "paragraph 1.16" is replaced with "paragraph 1.18", "paragraph 1.24" is replaced with "paragraph 1.25".

## **II. Project Agreement**

1. "Orissa", wherever it appears in the Agreement, is replaced with "Odisha".
2. Section I.C of the Schedule is hereby amended to read as follows:  
  
"maintain the PMU, EMC and SMC and ensure that the PMU, EMC and SMC, and the OWD field offices have officials, staff and resources required under the Project".
3. In Section I.F of the Schedule "2010" is replaced with "2013".
4. In Section I.G of the Schedule "2010" is replaced with "2013".
5. Section I.H of the Schedule is amended to read as follows:  
  
"carry out, with respect to the Project roads: (a) three user satisfaction and land use surveys, and produce reports for each survey, with the first (baseline) survey to be carried out and the report to be produced no later than March 31, 2013, the second survey to be carried out and the report to be produced no later than March 31, 2015, and the third survey to be carried out and the report to be produced no later than March 31, 2016; (b) one value engineering and quality review to be carried out and the report to be produced no later than June 30, 2015".
6. In Section I.J of the Schedule "2010" is replaced with "2013".
7. In Section I.K of the Schedule "2011" is replaced with "2014".
8. In Section I.L of the Schedule "2012" is replaced with "2015".
9. In Section I.M of the Schedule "2013" is replaced with "2016".
10. In Section II A.2 of the Schedule "December 31, 2010" is replaced with "June 30, 2015".

### **Supplemental Letter (Performance Monitoring Indicators)**

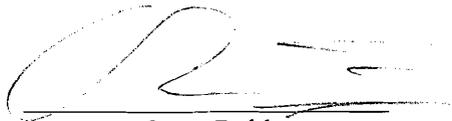
The attachment to the Supplemental Letter (Performance Monitoring Indicators) dated the same date as the Loan Agreement, is hereby amended and is replaced with the Annex 1 to this Amendment Letter.

Except as specifically amended in this letter, all other terms and conditions of the Loan Agreement and the Project Agreement shall remain in full force and effect.

Please confirm your agreement to the foregoing on behalf of the Borrower and of the State of Odisha by countersigning and dating the corresponding form of confirmation set forth below, and returning one fully countersigned original of this letter to us. The above amendments to the Loan Agreement, the Project Agreement, and the Supplemental Letter on performance monitoring indicators shall become effective upon receipt by the Bank of a duly countersigned original of this letter by the authorized representative of the Borrower and of the State of Odisha respectively.

Notwithstanding the foregoing, for purposes of paragraphs I.3, I.4, I.5 and II.2 of this Letter, this Letter shall, upon countersignature, be deemed effective as of November 15, 2011.

Sincerely,  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT



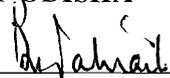
Onno Ruhl  
Country Director, India  
South Asia Region

CONFIRMED:  
INDIA

By:   
Authorized Representative

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

CONFIRMED:  
STATE OF ODISHA

By:   
Authorized Representative

Name: \_\_\_\_\_  
Title: **B. K. PATNAIK**  
Date: **Chief Secretary,**  
**Orissa**

**Performance Monitoring Indicators**

<b>Results Framework</b>		
<b>PDO</b>	<b>Project Outcome Indicators</b>	<b>Use of Project Outcome Information</b>
1. Remove transport bottlenecks in priority transport corridors for greater investment and economic and social development activities.	1.1 Reduction in vehicle operating costs on project corridors 1.2 Increase in vehicle speed on project 1.3 Improvement in Road User Satisfaction Index 1.4 Improvement in Network Congestion Indices 1.5 RTI compliance Ratio of PMU	To assess the performance of the project and to redirect it, if necessary, to achieve the PDO
<b>Intermediate Outcomes</b>	<b>Intermediate Outcome Indicators</b>	<b>Use of Intermediate Outcome Monitoring</b>
1 Three Project Corridors improved in socially and environmentally sustainable way	1.1 310 km of state highways widened and upgraded efficiently 1.2 Environmental management plans, including biodiversity management measures effectively implemented 1.3 Percentage of project displaced households and/or business enabled to reestablish their shelter and/or business	To assess the performance of the project and to redirect it, if necessary, to achieve the PDO
2 OWD Core Business Units/Cells Fully Functional	2.1 Road Asset Management, Road Safety and Environment and Social Management functions operational and execute annual business programs, and IT/ICT/MIS functions and assets operational	
3 Conducive road sector policy put in place to govern the management, financing and safety of the road network	3.1 Improved policy and legislative framework in place 3.2 Sustainable road maintenance financing options studied and suitably implemented 3.3 Road Safety Action Plan established and being implemented	

### Arrangements for Results Monitoring

Outcome Indicators	Actual Value	Target Values				Data Collection and Reporting		
	Baseline (2006)	2013	2014	2015	June 2016	Frequency and Reports	Data Collection Instruments	Responsibility
1.1 vehicle operating costs in project corridors reduced	Cars – 4.29 Trucks – 10.22 Buses – 8.70		5 16 17		4.6 14 15	EOP, High Priority Network Condition Reports	RAMS	OWD/PMU
1.2 vehicle speed in project corridors increased	Cars - 45 Trucks - 35 Buses - 40		47 46 47		54 53 53	EOP High Priority Network Traffic Reports	RAMS	OWD/PMU
1.3 Road User Satisfaction Index Improved	Being Collected					User satisfaction surveys – Baseline and EOP	Survey	OWD/PMU
1.4 Improvement in Network Congestion Indices (%) (i) Congestion free CRN (ii) Congested CRN (iii) Over Congested CRN	-					EOP	Surveys, Secondary Data Collection	OWD/PMU
1.5 RTI Compliance Ratio of PMU Maintained at 100%	-	100%	100%	100%	100%		Secondary Data Collection	OWD/PMU
<b>Results Indicators for Each Component</b>								
<b>Component 1 (Road I Corridor Improvement Component)</b>								
1.1 310 km of state highways widened and upgraded efficiently	0 Km	0 Km	100 Km	200 km	310 Km	Monthly reports, quarterly FMRs	In-house reporting, certification of quantities by CSC	OWD/PMU/CSC
1.2 EMP, including biodiversity management measures effectively implemented	-	-			310 km	EOP report	In-house reporting	OWD/PMU
1.3 Percentage of project displaced households and/or business enabled to reestablish their shelter and/or businesses		40%			Above 95%	EOP	Independent impact assessment	Independent Consultant
	<b>Actual Value</b>	<b>Target Values</b>				<b>Data Collection and Reporting</b>		

Intermediate Outcome Indicators	Baseline	2013	2014	2015	June 2016	Frequency and Reports	Data Collection Instruments	Responsibility
<b>Component 2 (Sector Policy and Institutional Development and Implementation Support)</b>								
3.1 Road Asset Management, Road Safety and Environment and Social Management functions operational and IT/ICT/MIS functions and assets operational	Nil		RAMS Operational ES operational	Road Safety Cell operational IT/ICT/MIS 50% rollout	IT/ICT/MIS 100% rollout	Semi-annual progress report	In-house reporting	OWD/PMU
3.2 Milestones in GAAP and ISAP met	Nil	20%	40%	60%	100%	Study report and final report	In-house reporting	OWD/PMU
4.1 Improved Road Policy and Legislative Framework put in place	Nil		Study completed	Policy and Legal Framework approved by GOO	GOO-approved Policy and Legal Framework enhancements in place.	Study report and final report	In-house reporting	OWD/PMU
4.2 Sustainable road maintenance financing options studied and suitably implemented	Nil		Study Completed	GOO decisions taken on new Road Maintenance Financing option(s).	GOO-endorsed changes to Road Maintenance Financing implemented	Annual report	In-house reporting	OWD/PMU
4.3 Road Safety Action Plan put in place	Nil		Study completed	GOO decisions taken on new state-level Road Safety Action Plan and its implementation	New Road Safety Policy, Action Plan and supporting institutional arrangements established and under Implementation.	Study report and final report	In-house reporting	OWD/PMU

