

**PROCEEDINGS OF THE 9th STATE LEVEL EMPOWERED COMMITTEE (SLEC)
MEETING FOR ODISHA STATE ROADS PROJECT HELD ON 3RD July, 2012 IN
THE SECOND FLOOR CONFERENCE HALL OF THE SECRETARIAT**

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Chief Secretary chaired the 9th meeting of the State Level Empowered Committee (SLEC) held on July 03, 2012. The list of Members present in the meeting has been provided in Annexure 1.

Initiating the discussion, the EIC-cum-Secretary briefed the Committee on the status of the various activities of the project. Followings are the details of deliberation made by the Committee.

A) Compliance to the action points raised by WB in May, 2011

The World Bank had raised eight action points for compliance by Government of Odisha. Seven points were complied in the action plan by the PMU. The action point concerning the progress of the civil works could not be achieved as the Contractors failed to perform in the field. Hence, the Government decided to terminate these contracts. Notices for termination have already been issued to the contractors. The World Bank has already been requested for lifting of suspension.

B) Project Restructuring Proposal

The EIC-cum-Secretary, Works Department explained the scope of the restructured project as follows.

The Road Improvement Component in the original plan was to support the widening, strengthening and selective realignment of about 461 km of existing roads to double-lane standard. The context of the balance works of the earlier proposal has been radically changed meanwhile. Two out of three packages namely the stretches from Taptapani to Raipanka and Raipanka to JK Pur, identified under the Phase II of the Project, have been already taken up by the State under Govt. of India Financing. The high level bridge on river Bansadhara, which was an integral part of the above two corridors has also been taken up through NABARD financing. Thus there is a need for substituting these roads.

The road improvement component now will support the widening, strengthening and selective realignment of about 310 km of existing roads to double-lane standard. Besides,

eight roads have been selected for improvement from the core road network for a total length of 347 kms. The final restructuring proposal is provided below in Table 1.

Table 1 Project Restructuring Proposal :

Sl. No.	Name of The Road	Category	Length in Km
<i>Road Improvement Component</i>			
1	Bhawanipatna – Khariar	SH – 16	68
2	Chandbali – Bhadrak – Anandpur	SH-9 and SH-53	95
3	Berhampur – Taptapani	SH-17	41
4	Jagatpur – Chandbali	MDR	106
	Total		310
<i>Road Rehabiliattion Component</i>			
1	Kandarpur-Machhagaon Road.	SH-43	46
2	Raj Athagada-Narsingpur.	SH-65	76
3	Godbhaga-Turum Road.	SH-54	42
4	Barkot-Lahunipada Road	SH-10A	49
5	Badasankha-Tarini- Hinjili-Seragarh-Badagarh-Sorada Road	SH-36	40
6	Bamra-Gariamal-Karamdihi-Talsara-Lulukidihi Road.	SH-24	46
7	Pipili-Nimapara-Gop Road	SH-13	30
8	Goṣ-Konark Road	SH-60	18
	Total		347

Further the PPP component has been taken out from the Bank financing. The scope of Institutional Development component has remain unaltered.

Change in cost:

With restructuring the project now costs Rs. **1938.06 crore** (US\$ 358.6 million) approximately, of which the IBRD loan component is US\$ 250 million against the original

cost of Rs. Rs. 1431.19 crore. The loan size earlier was also US\$ 250 million and remains unaltered. The details of original and revised cost has been provided in Table 2 below.

Table 2 Project Restructuring Proposal – Revised Cost of Project (in Rs. Crore):

	Original Project Cost (July 2008)			Restructured Project Cost (July 2012)		
	Total	GoO Share	WB Share	Total	GoO Share	WB Share
CIVIL WORKS	1058.26	211.65	846.61	1442.80	288.56	1154.24
Supervision Cost	53.11	10.62	42.49	57.09	11.418	45.67
LA, R & R, Utility	66.87	47.17	19.71	304.70	252.68	52.02
PPP Enabling Support	15.48	6.24	9.24	3.85	3.85	0
OWD Modernization & ISAP	24.94	4.99	19.96	61.84	12.36	49.47
Future Pre-Investment Studies	4.00	0.8	3.2	3.70	0.74	2.96
Incremental Operating Cost	11.11	2.22	8.89	12.49	2.50	9.99
Net Total	1233.78	283.69	950.09	1886.49	572.12	1314.37
Prorata	197.40	197.41	0	51.56	51.56	0
Total	1431.19	481.1	950.09	1938.06	623.68	1314.37
WB Share in USD Million			\$243.61 M (1\$=Rs. 39.00)			\$249.41 M (1\$=Rs. 52.70)

The cost estimate has been revised based on the following parameters.

1. Recast of cost based on present Schedule of Rates.
2. Specification of GSB item in road works has been redefined to be executed with crushed stone.
3. Safety observations of WB incorporated.
4. Tree cutting and pre construction activities now to be carried out by the Employer in stead of the contractor.
5. Cost of LA, utility relocation etc has been reaffirmed based on actual costs incurred.
6. Cost of Consultancy services has been taken as per actual agreement costs.

The overall burden on GoO share is now Rs. 623.68 crore in place of Rs. 481.1 crore including prorata charges. Though the total project cost has gone up by Rs.496.87 crore, the loan size of USD 250 million has been kept unaltered because of the fluctuation in INR-USD conversion rate at present. The original loan amount was calculated at an exchange rate of Rs.39.00 per 1 USD where as the present calculation is at Rs.52.70 .

The cost of civil works has gone up by Rs.384.54 crore with the revised scope, out of which the State has to bear Rs.76.91 crore. Out of the total cost of Rs.1442.80 crore, Rs.942.68 crore is for the improvement of 310 km and Rs.500.12 crore is for the rehabilitation of eight roads for 347 km.

Additional burden of Rs.205.51 crore under the LA and R&R head has to be borne by the State. The cost is as per actual expenditure and similar future projection. The details are provided in Table 3 below.

Table 3 Project Restructuring Proposal - LA R&R details (in Rs. Crore) :

	Original Project Cost (July 2008)			Restructured Project Cost (July 2012)		
	Total	GoO Share	WB Share	Total	GoO Share	WB Share
Land Acquisition	12.64	12.64	0	127.69	127.69	0
R & R	23.71	4.74	18.97	58.39	11.68	46.71
Engagement of NGOs	0.92	0.18	0.74	6.64	1.33	5.31
Environmental Measures	5.99	5.99	0	20.53	20.53	0
Utility Relocation	18.28	18.28	0	73.45	73.45	0
Project Preparation Activities	5.33	5.33	0	18.00	18.00	0
Total	66.87	47.16	19.71	304.70	252.68	52.02

The ISAP activities now cost Rs. 61.84 crore against the earlier provision of Rs. 24.94 crore. Additional burden of Rs.7.37 crore has to be borne by the State in spite of the total increase of Rs.36.9 crore as the World Bank shares this component in the 80:20 ratio. The details are provided in Table 4 below.

Table 4 Project Restructuring Proposal – ISAP Costing details (in Rs. Crore) :

	Original Project Cost (July 2008)			Restructured Project Cost (July 2012)		
	Total	GoO Share	WB Share	Total	GoO Share	WB Share
Asset Management	6.00	1.20	4.80	18.99	3.80	15.19
IT-ICT-MIS Development	3.60	0.72	2.88	3.60	0.72	2.88
RUSS	1.13	0.23	0.90	0.79	0.16	0.63
Land Use Impact Study				1.50	0.30	1.20
RSID	8.85	1.77	7.08	13.72	2.75	10.97

Procurement Reforms	0.49	0.10	0.39			
IT-ICT-MIS Strategy	0.50	0.10	0.40	0.85	0.17	0.68
Contract Specialist				0.36	0.07	0.29
ISAP Facilitator				0.36	0.07	0.29
Equipments for ISAP	2.47	0.50	1.97	18.67	3.73	14.94
Training	1.90	0.37	1.53	3.00	0.60	2.40
Total	24.94	4.99	19.96	61.84	12.36	49.47

Change in time :

With the above proposed restructuring, the timeline extends up to end September, 2017. Hence the closing date may be extended till December, 2017 so as to complete and close all the activities in full shape. Some of the timelines were discussed as provided below.

- LA and R&R issue in the “Jagatpur to Chandbali” road is expected to be over by December, 2013. The work is likely to be completed in all respects by January, 2017.
- The bidding process for the balance works for “Berhampur to Tapatapani” has already been started . The expected date for completion of these works will be January, 2015.
- Termination notices for P01 and P02 has been challenged by the contractors in the High Court of Odisha and the matter is subjudice. The bidding process for these corridors is expected to be initiated by March, 2013. The expected date for completion of these works is September, 2017.
- The Rehabilitation of the eight roads is expected to be completed by March, 2016.
- ISAP assignments are expected to complete by April, 2017.

The Committee agreed to and approved the revised scope, cost and time of the project restructuring proposal and recommended that the proposal be sent to the DEA, GoI for onward submission to the World Bank.

C) Procurement of Individual Consultants

It was discussed that the clearance from Finance Department, Odisha has already been received for procurement of the following Individual Consultants.

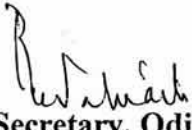
1. Contract Management Specialist
2. ISAP Facilitator

It was further discussed that the procurement of the Contract Management Specialist has been made a condition for lifting of suspension by the Bank. Meanwhile, the Bank has been requested not to stick to this condition. The Committee instructed the Chief Engineer, World Bank Projects to go ahead with the procurement immediately.

D) Other Issues

The LA activity of Jagatpur-Chandbali road was discussed. The EIC-cum-Secretary, Works Department appraised that about 40% of the LA has been completed and another 10% is expected to be over by the end of this month. The Committee took note of it and instructed to dig trenches at the boundaries on either side in order to protect the acquired land from encroachment.

The meeting ended with a vote of thanks to the Chair.


Chief Secretary, Odisha

ANNEXURE I

LIST OF MEMBERS WHO ATTENDED THE SLEC MEETING ON July 03,, 2012

1. Sri Bijaya Kumar Patnaik, IAS, Chief Secretary
2. Sri R.N.Senapati, IAS, Development Commissioner-cum- Addl. Chief secretary
3. Sri J. K. Mohapatra, IAS, Principal Secretary to Govt., Finance Department
4. Sri R.K.Sharma, Principal Secretary to Govt., Forest & Environment Department
5. Sri D. Dash, Principal Secretary to Govt., Law Department
6. Sri S. K. Ray, EIC-cum-Secretary, Works Department
7. Sri S.S.Nayak, Director, R&R & Addl. Secretary, R & D.M. Department
8. Sri N.K. Pradhan, Chief Engineer, World Bank Projects, Odisha