

February 17, 2011

Mr. Venu Rajamony  
Joint Secretary (MI)  
Department of Economic Affairs  
Ministry of Finance  
New Delhi

Mr. B.K. Patnaik  
Chief Secretary  
Government of Orissa  
Bhubaneswar

Dear Mr. Rajamony and Mr. Patnaik:

*IN: Orissa State Roads Project (Loan Number 7577-IN)  
Threat to Suspend*

We refer to the Loan Agreement between India (the Borrower) and the International Bank for Reconstruction and Development (the Bank) and the Project Agreement between the Bank and the State of Orissa, both dated January 27, 2009, all for the Orissa State Roads Project (the Project). We also refer to the Bank's 3<sup>rd</sup> implementation support mission held in January 2011.

We thank the Government of the State of Orissa (GOO) and the Orissa Works Department (OWD) for the support extended to the Bank team during the mentioned supervision mission. An aide-memoire containing the Bank team's observations and suggestions related to the implementation of civil works and other critical components of the Project is attached.

Even after two years since approval, the implementation of the Project continues to remain unsatisfactory on many fronts. Under the civil works component, three phase I contracts have achieved only 7.5% physical progress. The quality of works, particularly the structural works, as well as safety and environmental management practices continue to remain major areas of concern. The pre-construction activities pertaining to these phase I roads are severely lagging behind the schedule, leading to delays in execution. The preparatory work for the roads to be covered under the second phase, too, is moving at a slow pace and is confined to only one road as we are awaiting GOO's firm proposals to replace two roads envisaged earlier.

On the "institutional strengthening" front, too, none of the three major sub-components has started as the process of procuring respective consulting services is yet to be completed. Furthermore, OWD as a whole has not shown effective ownership of the institutional strengthening agenda and has yet to establish the minimum counterpart

resources and capacity required to guide, monitor and take advantage of consulting resources to be engaged for those three key sub-components, viz., Institutional Strengthening, Road Asset Management and IT-ICT-MIS strategy.

Regrettably, none of the afore-mentioned problems are new. During various missions in the past, we have highlighted these and several other areas of concern, along with our analysis of the factors underpinning the Project's poor performance. Also, in consultation with OWD and PMU, we have repeatedly agreed on specific time-bound actions to achieve, inter alia, the following improvements: (a) timely application of contractual provisions including penalties to counter the contractors' apparent tendency to disregard quality, safety and environmental management aspects; (b) expeditious resolution of a proposal to substitute a contract item pertaining to the granular sub-base (GSB) layer; (c) additional emphasis on ensuring quality of works through third-party monitoring, especially in light of the replacement of the independent supervision consultants with an interim arrangement under the leadership of staff drawn from OWD; (d) substantive and active participation of lead partners in joint ventures (JVs) for the contracts; (e) timely implementation of institutional strengthening components, with an appropriate counterpart team within OWD; and (f) close monitoring of the Project at the highest level of the government, through the State Level Empowered Committee (SLEC).

Specifically, in the last interim mission held in November 2010, we had (a) urged OWD and PMU to address the aforementioned concerns and also initiate steps to achieve at least 2.5-3% progress each month in the three ongoing civil works contracts; and (b) brought to the state government's notice our intent to discuss the case for recalibrating our engagement with the Project if the Project failed to achieve satisfactory progress. However, during the January 2011 mission we observed that all the contracts are progressing at a much lower pace of less than 1% monthly, with serious deficiencies in quality of construction and contract management practices. Clearly, this has a potential of undermining the sustainability of Project investments. Furthermore, the lack of any perceptible participation of lead partners of the respective JVs in construction planning, management or execution is a persistent concern not being addressed to. In addition, the decision on the *GSB issue* is still pending. We would like to reiterate our view that the proposed variation should be examined, from the perspective of technical considerations as well, keeping in view the relevant provisions of the tender documents/contracts which stipulate that the onus of checking (and satisfying themselves regarding) the availability of the specified material rests squarely with the prospective bidders/contractors.

In this context, I am gravely concerned to note that the State Level Empowered Committee has not been convened for over 12 months to review the Project and address the major issues affecting implementation of the Project.

Even as we are approaching the mid-way mark in the Project implementation schedule, implementation of all components is unsatisfactory and substantially behind schedule. Disbursements are only 6% as against projected estimate of 20% at the appraisal stage. The Project is under non-compliance with a number of legal covenants



(as listed in the attached aide-memoire). If the current conditions prevail, we feel that the Project is unlikely to achieve its development objectives.

We, therefore, intend to exercise the remedy of suspension under the Project, as of May 15, 2011, based on the failure of the Orissa State to carry out the legal covenants set out in the attached aide-memoire, in accordance with Section 7.02 (b) of the General Conditions applicable to the Project, unless the following actions are taken to the Bank's satisfaction.

S. No.	Actions to be Taken	Due Dates
1.	Comprehensive review of the Project by SLEC	February 15, 2011
2.	Resolution of GSB issue by GOO	February 28, 2011
3.	Completion of all pre-construction activities and handing over of encumbrance free land to the contractors of revised first mile stone stretches of phase I contracts by PMU	February 28, 2011
4.	Completion of all pre-construction activities and handing over of encumbrance free land to the contractors of revised second mile stone stretches of phase I contracts by PMU	April 15, 2011
5.	Achievement of following minimum monthly progress (value of certified work done against the contract value), strictly conforming to the contract specification and of highest quality standards, on each contract February 2011 - at least 3.5% March 2011 - at least 5% April 2011 - at least 5% (the above monthly targets shall not be treated as a basis for any grant of extension of time or claim by contractor)	
6.	GOO to review evidence of participation by lead JV partners on all three contracts and seek legal opinion to enforce their active participation in execution of contracts	February 28, 2011
7.	Complete an independent third party review of the quality assurance system and quality of works including construction zone safety by engaging an academic/research institute acceptable to the Bank from a nearby state	March 15, 2011
8.	PMU to ensure contractor obtain permission to operate his plants on all phase I contracts	March 15, 2011
9.	Establishment and staffing of following dedicated unit in OWD: Road Asset Management Cell by February 28, 2011 IS Cell by April 15, 2011 IT-ICT-MIS Cell by March 31, 2011	
10.	Agree with the Bank a time-bound action plan to fulfill all the legal covenants yet to be met as set out in the attached aide-memoire	April 15, 2011

My colleagues Mr. Rajesh Rohatgi (email: [rrohlatgi@worldbank.org](mailto:rrohlatgi@worldbank.org)) and Mr. Sri Kumar Tadimalla (email: [stadimalla@worldbank.org](mailto:stadimalla@worldbank.org)) along with the entire team stand ready to help the state authorities to comply with the actions identified above. Should you require any clarifications, please do not hesitate to contact my colleagues above.

With regards,

Sincerely,



Isabel M. Guerrero  
Regional Vice President, South Asia Region

Enclosure: Aide-Memoire

cc: Mr. R.S. Gujaral, Secretary, Ministry of Road, Transport and Highways,  
Government of India  
Mr. R.P. Indoria, Additional Director General, Ministry of Road, Transport and  
Highways, Government of India  
Mr. Nilaya Mitash, Director (MI), Department of Economic Affairs, Ministry of  
Finance, Government of India

Mr. J. K. Mohapatra, Principal Secretary, Department of Finance, Government of  
Orissa, Bhubaneswar  
Mr. Raj Kumar Sharma, Commissioner and Secretary, Department of Revenue,  
Government of Orissa, Bhubaneswar  
Mr. S.K. Ray, Engineer-in-Chief-cum-Secretary, Public Works Department,  
Government of Orissa  
Mr. N.K. Pradhan, Chief Engineer, (World Bank Projects) Public Works  
Department, Government of Orissa

Drafted by: Mr. Rajesh Rohatgi, Sr. Transport Specialist and Task Team Leader,  
Orissa State Roads Project (SASDT)  
c/w & bcc: M./M. Michel Audige, Sector Manager (SASDT); Hans Jurgen Gruss,  
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(LEGES) and Junxue Chu (CTRFC)

bcc: M./M. Chatterji, Maddirala, (EDS12); Zhu,Omar (SARVP); Zagha (SACIN);  
India Coordinator; SASSD Core Team; O'Brien (SARDE); Thomson (SARFM);  
Sefta (SARPS); Srivastava (SARDE); Abushakra (LEGES); McDonough  
(CTRVP); Peters (OPPCS); Familiar (SECPO); Liwewe (SARRM); Sairam  
(CTRDM); Stein, Audige, Eijbergen, Pizarrio, Bandyopadhyay, Rohatgi,  
Tadimalla (SASSD); Orissa State Roads Project Team;

*IRIS*



## INDIA

### **Orissa State Roads Project (Loan Number 7577-IN) Third Implementation Support Mission (January 17-24, 2011)**

#### **Aide-Memoire**

#### **I. INTRODUCTION**

1. A World Bank team<sup>1</sup> visited the State of Orissa to undertake the 3rd implementation support mission for the Orissa State Roads Project (OSRP) in January 2011. The objective of the mission was to review the implementation progress of the project and support the Government of Orissa (GOO) in resolving any issues affecting the progress. The mission held discussions with senior officials of GOO including from the Orissa Works Department (OWD). The mission also visited three civil work sites and held discussion with contractors, consultants, field divisions (OWD) and the Project Management Unit (PMU). Earlier to this mission, the Bank undertook two interim support missions in August and November 2010.

2. The mission expresses appreciation to the GOO for the kind support extended to the World Bank team and in particular to the PMU for their active engagement and cooperation during the entire mission. A wrap-up meeting was held and chaired by the Secretary, OWD on January 21, 2011. The mission also met with the Chief Secretary, GOO and Principal Secretary, Finance to brief them on the progress of the project.

3. This aide-memoire summarizes the team's findings and recommendations made during the mission. A mutually agreed action plan is shown in **Annex 1**.

#### **II. KEY PROJECT DATA & PERFORMANCE RATING**

<b>Key Project Data</b>	<b>Project Performance</b>		
<i>Loan Amount:</i> US\$ 250 million <i>Board Approval:</i> Sept. 30, 2008 <i>Effectiveness Date:</i> April 15, 2009 <i>Project age:</i> 28 Months <i>Closing Date:</i> December 31, 2014 <i>Disbursed:</i> US\$ 14.64 million (6%) <i>Loan Committed:</i> 44%	<i>Summary Ratings</i>	<i>Last</i>	<i>Now</i>
	Development Objective	MS	U
	Implementation Progress	MU	MU
	Risk Flags: Project Management, Slow Disbursement, Environment Management, Social Safeguards & Legal Covenant		

**HS**=Highly Satisfactory; **S**=Satisfactory; **MS**=Moderately Satisfactory; **MU**=Moderately Unsatisfactory; **U**=Unsatisfactory; **HU**=Highly Unsatisfactory; **NA**=Not Applicable; **NR**=Not Rated

#### **III. SUMMARY**

4. **Achievement of Project Development Objective (PDO):** The project's overall development objective is to remove transport bottlenecks in targeted corridors for greater investment and economic and

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<sup>1</sup> Consisting of Messrs/Mmes Rajesh Rohatgi (Mission Leader), Sri Kumar Tadimalla (co-TTL and PPP Specialist), Amrit Inder Singh (Transport and Highway Specialist), Mohammad Hasan (Social Development Specialists), Manvinder Mamak & Supriti Gupta (Financial Management Specialist), Neha Vyas (Environmental Specialists), A.K. Swaminathan (Consultant, Transport Specialist), Ernst Huning (Consultant, Institutional Specialist) Krishnan Srinivasan (Consultant, GAAP Specialist) and Kumudni Choudhary (Program Assistant). Yash Gupta (Procurement Specialist) undertook a desk review.

social development activities in the state of Orissa. There have been delays in collecting baseline data on various indicators and hence no monitoring is being done for measuring progress towards achieving the development objective. The likelihood of achieving the PDO has been downgraded to 'Unsatisfactory'.

5. **Key Implementation Issues:** The following summarizes the key implementation issues identified by the mission:

- **Extremely Slow progress on Civil works.** All three contracts are progressing with extremely slow pace of about less than 1% monthly, despite many work fronts getting available. There is an urgent need to increase this progress rate to at least 3-5% in coming peak season of work. There is a need for Resident Engineers (REs) to document this slow progress and issue appropriate notices to the contractor in this regard.
- **Delays in the decision regarding proposal to change Specification of Granular Sub-base (GSB).** The mission observed that in all three civil work contracts, the issue of GSB is affecting the civil work progress and need to be expeditiously resolved.
- **Poor Quality of Structure Works.** The mission noted extremely poor workmanship and quality of construction of structures in all three packages. There is a need to closely review the entire quality control system being followed and ensure that all works are carried out to the required specifications. Appropriate instructions need to be issued to the contractor in this regard.
- **Contract Management by Resident Engineers needs substantial Improvement.** The mission noted project and contract management weaknesses by Resident Engineers, especially in controlling quality and progress. The PMU staff and Resident Engineers need to document all non-obligations by the contractor and issue appropriate contractual notices/instructions and apply applicable contractual provisions, including imposing deductions and penalties, if any.
- **Continuing non-compliance and lapses in implementing environment, health and safety measures in line with EMP provisions by the contractors.** Issues pertaining to non-mobilization of environment and safety officers by contractors; operation of plants without regulatory clearance from SPCB; poor worksite safety management, particularly weak traffic and worker's safety arrangements; improper storage of hazardous/inflammable materials; deficiencies with regard to waste water management in camp sites and; lack of proper documentation in line with EMP requirements are a cause of serious concern.
- **Implementation of the Institutional Strengthening program needs more GOO / OWD ownership and dedicated resourcing.** The mission noted with concern that new procurement action for the required consulting services and technical assistance is proceeding slowly and that the OWD still needs to put in place adequate counterpart resources to lead planned action and manage external assistance in the three main thrust areas, viz. OWD-centered Institutional Strengthening, Asset Management and IT-ICT-MIS enhancement.
- **Action on the Governance and Accountability Action Plan (GAAP) needs improvement and more OWD ownership.** Achievement of targets such as an effective OSRP-centered Complaints Handling process (which includes reporting and monitoring of all complaints, with specific emphasis on land acquisition and R&R related complaints) and the agreed Project 'public information' website improvements remains offset by the ongoing delays in mobilizing the required Road User Satisfaction Surveys, in compiling necessary Project baseline data, in mobilizing agreed 'third party quality monitoring' resources and in revision of Standard Biddings Documents (SBD) required for full OWD roll-out of e-Procurement processes.



- **Absence of participation by the lead partner of the Joint venture (JV) on all three contracts.** The mission noted minimal participation from lead partners of JV and was concerned to note that efforts of PMU to arrange meetings with lead partner has not resulted any improvement on ground. There is now an urgent need to take up this matter at the State Level Empowered Committee, audit accounts of all entities and seek legal opinion to discuss disciplinary action required to be taken on these three lead partners.

### ***Civil Works Component***

6. The mission noted that there has been marked improvement in the availability of encumbrance-free land, resulting in more work fronts availability to contractors. Despite this, mission observed very slow progress in civil works. The works are progressing with a rate of less than 1%, which is considerably lower than the contractor's own target. The financial progress, which includes the mobilization and other advances is reported at about 14.4% (erroneously reported previous value of 15.9% in package P-01), 17% (previous value of 15.4% package P-02) and 10.9% (previous value of 10% in package P-03). The progress in terms of actual works executed for the three packages are about 6.4%, 8.8% and 6.3% respectively. Please refer to Annex 2 for site visit observation and further details.

### ***PPP Enabling Support, Sector Policy and Institutional Development, and Implementation Support Component***

7. *PPP Enabling Support* The mission reviewed the progress of the work of the transaction advisor with regard to the three projects envisaged to be assessed and, if feasible, developed on PPP basis under this component. Of the three roads, OWD and PMU are now focusing their efforts on developing Rourkela-Sambalpur road (about 160 km) on BOT-Toll basis<sup>2</sup>. According to the transaction advisor's financial analysis, in order to be viable as BOT-Toll concession, the Rourkela-Sambalpur would require some financial support and, accordingly, the PMU is in the process of preparing an application for the Central Government's Viability Gap Funding Scheme.

8. The mission requested the PMU to expedite finalization of the Preliminary Project Report (PPR) for the Rourkela-Sambalpur road – including revision of the Resettlement Action Plan component after incorporating/addressing the suggestions provided by the Bank. Likewise, the draft Environment Impact Assessment (including Biodiversity Assessment and Environment Management Plan) report (October 2008 version) needs to be updated/revised in line with comments provided by Bank, SPCB and the outcomes from the currently on-going Public Hearing process. The PMU have agreed to submit the latest versions of the PPR as well as key bidding documents including the draft concession agreement, along with their own observations and comments, before end of February 2011, for review by the Bank. While reviewing the bidding documents, PMU is advised to pay particular attention to ensuring that these documents accurately capture/reflect various decisions already taken with regard to technical design in ecologically sensitive sections and the concessionaire's obligations with regard to management of environment, health and safety aspects. In addition, the team urged the PMU to develop, in consultation with the transaction advisory consultants, a detailed stage-wise timetable for the bidding process and dovetail with it (a) their plans for fulfilling their own obligations under the concession (such as, for example, land acquisition, tree cutting, utility shifting and R&R) and (b) the steps involved in obtaining VGF support with that overall timeframe for bid process management.

9. As regards working arrangements between the PMU and the consortium of transaction advisory consultants, the mission has been informed that almost the entire team of one of the consortium partners –

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<sup>2</sup> As regards the remaining two roads, the state government has decided to develop the Koira-Rajahmunda road not on PPP basis but on traditional (BoQ) basis with funding from NABARD and is yet to take a decision on the mode of development for the Joda-Bamberi road.

that is, PWC – has left the firm and, hence, is being replaced by new members. In order to ensure that this transition does not adversely affect the quality of the consulting support, PMU may require the consultants to hold additional interactive sessions, preferably, with the involvement of previous members where feasible, to ensure that the new members are fully conversant with the earlier rounds of analysis and the intricacies of the financial model.

10. Subsequently, the mission visited the Rourkela-Sambalpur road and shared its observations regarding the proposed by-passes as well as some key environmental aspects.

#### ***Institutional Strengthening Action Plan (ISAP)***

11. The OWD / PMU have completed action on the new Tolling Act and associated regulations, the rate of technical training for OWD and PMU staff has accelerated and overall GOO-driven state-wide initiatives on E-procurement have also met OWD-centered targets in that regard, while an OWD-led ISAP Working Group has met to begin taking up its agreed ISAP facilitation and monitoring responsibilities. However, in most other respects implementation of the agreed Institutional Strengthening strategy is still lagging. Much-delayed action to engage necessary consulting services and technical assistance for the main ISAP thrusts on OWD capacity development, Asset Management and development of IT-ICT-MIS resources now appears to be gradually coming to fruition, with firstly the Asset Management System consultancy services expected to commence in OWD by end-February 2011. Procurement action on external services for ‘project management’ of planned OWD-centered IT-ICT-MIS enhancements and for the main ‘road sector capacity development’ (ISAP) measures is proceeding slowly, and it was agreed that the OWD / PMU will take more positive action to ensure that the necessary consultants can be mobilized no later than end-July 2011. During this mission, the main elements of the TOR for the ‘road sector capacity development’ consultancy services were jointly reviewed to aim at a more effective combination of early and intensive technical assistance in key ‘OWD capacity’ areas, and the OWD / PMU will finalize and submit revised TOR / RFP on this basis by mid-February 2011.

12. *ISAP Implementation Capacity & Coordination:* The mission and the OWD reviewed the major aspects of the ISAP implementation delays and agreed that (a) slow evolution of ISAP ‘ownership’ within the OWD and (b) significant staffing and capacity constraints still affecting the OWD in key areas – particularly at middle and senior staff levels – are the major factors. This has inter alia hampered OWD planning on the necessary organizational measures to ensure OWD counterpart staffing for the three major consultancy-supported ISAP thrust areas mentioned above. The mission and the OWD management reviewed the features and adequacy of the ‘ISAP responsibility framework’ initiated in late 2009 and as that has shown only limited effectiveness to date, it was agreed that refinements to that framework are now required, together with urgent action between the OWD and the GOO to establish and staff three (3) new dedicated full-time OWD units to take charge of the now-evolving departmental responsibilities in (respectively) Asset Management, IT-ICT-MIS and IS Coordination, under the overall responsibility of the ‘Chief Engineer – World Bank Project’ position. The status and authority of that Chief Engineer position in the OWD context may subsequently warrant review by GOO, to take account of the extra charges and responsibilities impinging on that position as a result. The main features of the thus-enhanced ‘ISAP responsibility framework’ are outlined at Annex 3 hereto. The mission has further requested the OWD management to urgently take up the proposal for the establishment and staffing of these 3 new units with the GOO as an addendum to the OWD organization and staffing variation proposals already being considered by the GOO, to minimize delays in getting the necessary GOO approvals and action.

13. *Road Asset Management System:* Mission met with the selected consultants M/s Lea International and Lea Associates India, who delivered a presentation on it proposed methodology. The mission was

concerned to note that the contract is yet to be signed. The mission suggested consultant and the client on the following important issues:

- i. OWD/GOO to take necessary important decision like the hosting of server – at OWD or the State Data Centre;
- ii. RMS GIS compatibility with any other major GOO initiatives on GIS development for the state as a whole.
- iii. Road Asset Management Cell (Counterpart team) should be staffed with people who are skilled and have an inclination towards using computerized systems.
- iv. As mentioned in the ToR, the system should be so developed that in the initial stages it is not very data hungry and can work fairly well with default data. As the expertise and awareness of OWD staff increases, the level of data collection can be increased.

14. *IT-ICT-MIS Strategy & Implementation Support.* The Bank has recently provided further comments on the proposed TOR for the Project Management Consultant (PMC) services to support development and implementation of an OWD-specific IT-ICT-MIS Strategy and modernized IT-ICT-MIS resources. An increase in the PMU cost estimate for these services now necessitates Bank prior review of the overall RFP (etc.) for these services and PMU is now forwarding that to the Bank for clearance. The OWD / PMU will aim at issuing the RFP before end-February 2011 and on that basis, it was agreed that mobilization of these services is now expected by end-July 2011.

15. *OWD Codes & Manual.* As there has been no progress towards the revision of the OWD Codes and Manual via by the OWD-led ISAP Working Group (as previously proposed by the OWD), this vital task will be integrated into the work program of the ‘road sector capacity development’ (ISAP implementation support) consultants, with the overall aim of completion by end-2012.

#### ***Governance & Accountability Action Plan (GAAP)***

16. The mission reviewed the status of agreed actions under the Project-focused Governance *Complaints Handling* process, agreed Project ‘public information / disclosure’ and the GAAP and noted the steady achievement of targets such as an OSRP-centered website improvements. During the mission, the Bank team also participated in an OWD-facilitated Workshop on Quality and Vigilance roles in the OWD and provided inputs there on the Bank’s perspectives and experiences in these aspects of infrastructure projects and other contexts. More detailed comments on particular GAAP-related matters addressed during this mission are covered in Annex 4.

17. The mission noted with concern the ongoing delays in other important GAAP and project-related actions, such as mobilizing the required services for Road User Satisfaction Surveys (RUSS) for which the proposed TOR have only just now been submitted to the Bank for review. Action is also still lagging on (i) securing resources to compile essential baseline data for Project performance and impact monitoring under the agreed Results Monitoring Framework, (ii) mobilizing agreed ‘third party (Project works) quality monitoring’ resources and (iii) revision of Standard Biddings Documents (SBD) that are required for full roll-out of GOO-wide e-Procurement processes. It was agreed that all necessary procurement action to secure additional PMU resources for the ‘baseline data capture’ will be finalized by end-February to enable this task to be completed by end-May 2011.

18. The mission also noted the limited OWD / PMU resources being applied to GAAP-related responsibilities, and signaled the need for more OWD / PMU ownership of this important element of the overall Project strategy. In this context, it was noted that the agreed summary-level matrix-style monitoring report on GAAP targets and actions was last updated within OWD / PMU in July 2010 and

that several actions shown therein still have now-outdated / overtaken milestones and deadlines. It was agreed that the PMU will take action to comprehensively revise the contents of the GAAP Implementation Status Summary monitoring document (including by amending / updating any milestones and deadlines that are now overtaken and/or no longer relevant), and forward the proposed revised version to the Bank by mid-April 2011 for its consideration / comment.

### **Environmental Safeguards and Management**

19. The focus of the mission was to assess the adequacy and quality of EMP implementation in the project and review the status and progress on actions/activities agreed during previous missions. This assessment included a review of: (i) pre-construction activities such as tree cutting, tree protection and relocation of hand pumps; (ii) compliance with regulatory norms/requirements by the contractors and; (iii) institutional arrangements (including staff deployment) by contractors and OWD/PMU for undertaking environmental management activities in the project. In addition, the mission interacted with the Nodal Forest Official (DFO level), who has recently joined the Environment Management Cell (EMC) of the OWD/PMU and discussed issues pertaining to regulatory clearances for PPP and Phase II roads and functioning of the EMC. The mission also visited three roads, namely, Berhampur-Taptapani (Contract 3 under Phase I), Rourkela-Sambalpur (under PPP component) and Banarpal-Daspalla (proposed under Phase II) and provided suggestions to better address environmental aspects related to implementation and regulatory processes.

#### ***Phase I Works***

20. *Tree Cutting:* In all, out of the 10,948 trees that have to be felled for road construction of three Phase I contracts (204 kms), a total of 5150 have been cut till end of October 2010. Since then, there has been no change in status of tree felling on any of the contracts. However, the responsibility for tree cutting rests with the contractor and therefore the actual felling is being done as per their own work schedule. In contract P01, 39.85 percent (917 out of 2301) and in contract P02, 49.7 percent (3629 out of 7299) of trees have been cut. The progress in case of contract P03 is 44.8 percent (604 out of 1348). An over-all increase of about 14 percent (both positive and negative in terms of individual targets) has been noted since the DPR preparation on account of variation in girth-size of trees with time and small adjustments in design to suit the existing site conditions.

21. It was noted that the issue regarding the delay in handing over of felled tree material in contract P03 has not yet been resolved. The mission once again reiterated that the OWD/PMU should ensure that the Contractor closes this matter in line with the direction provided by the Department of Forests to comply with both the regulatory norms and the requirements set forth in EMP. It was agreed that the required action will be taken by February 28, 2011. Likewise, in P01 only 15 percent of the cut material has been disposed till date and therefore the matter in this contract too needs attention from both the Contractor and the OWD/PMU. In the case of contract P02, a good progress (62 percent) with regard to disposal of felled trees had been noted till August 2010 but since then no further action has been taken.

22. *Relocation of Water Sources/Utilities:* While 47 percent (27 out of 57) of such water sources have been relocated in case of contract P01, 93 percent (39 out of 42) have been shifted in contract P03. In case of contract P02, 150 hand pumps/tube wells require shifting, out of which 58 (38.6 percent) have been shifted. The progress in P02 is encouraging as even till the last mission no relocation work for water sources had started in the said contract. However, in all three contracts, no physical progress (other than in Nuapada Division, P01) with regard to shifting of water pipelines has taken place since September 2010 and will require continuous follow-up from the concerned Resident Engineers and the field level units of OWD to expedite and achieve the required targets.

23. *Implementation of EMPs:* While the mission noted some efforts to improve the situation on the ground, there are a number of actions related to EMP compliance and activities agreed during the previous missions that either remain pending or have been complied only partially. In this light, the compliance with respect to Environmental Management Plans (EMPs) in the project continues to be rated 'unsatisfactory'.

24. The contractors are yet to obtain 'consents' from the State Pollution Control Board (SPCB) to operate Hot Mix Plants, Crushers, Batching and WMM plants in most cases. In contract P01, where such permission had been obtained for Hot Mix Plant, Crusher and WMM plant, the consent was obtained under a wrong category (green instead of red, as is required under regulatory norms and was also raised/reported in the aide memoire of August 2010 mission) and the corrective action has still not been taken by the contractor. Among other key issues, lack of deployment of environment and safety officers; very poor traffic and worker safety practices; improper storage of hazardous/inflammable materials; non-implementation of pollution control measures at camp and plant site, particularly in contracts P02 and; lack of documentation in line with EMP reporting requirements continue to be issues of serious concern. The mission reiterated that owing to such continual lapses, there is clearly a need for OWD/PMU to intervene, closely follow-up and apply contractual remedies to ensure that the contractors understand and follow the required contractual discipline.

25. The following key actions need to be undertaken by the contractors and the closely monitored by the OWD/PMU (including field officials like Resident Engineers) to ensure that environment, health and safety stipulations under the contract are in adherence:

- i. Deployment of Environment and Safety Officers
- ii. Completion of Camp/Plant Site Documentation for all three year-1 works (includes approval for location, lay-out and submission of documents on land ownership)
- iii. Obtaining of consent from SPCB for plant operation
- iv. Obtaining permission for ground water extraction
- v. Obtaining requisite license/permits for quarry and crusher operations (including transit permits)
- vi. Preparation and approval of debris/waste disposal plan
- vii. Preparation and implementation of first-aid and emergency response plan
- viii. Identification, approval and documentation of material sources (earth, sand, aggregate, water) in line with EMP stipulations.
- ix. Identification and approval of Pollution Monitoring Agency and initiation of pollution monitoring
- x. Integration of EMP requirements and targets in the work planning and programming

26. Deployment of the qualified staff (Environment and Safety Officers) and following of a systematic approach (as laid out in EMP) will help the contractors in saving precious time, effort and money that is currently being lost due to lack of planning and adherence to basic requirements of EMP. The mission once again reiterated that it is possible to turn around the 'unsatisfactory' situation provided sufficient attention is given and simple measures are implemented without further delay as there has been very limited physical progress on works even now. However, if lapses/non-compliance/delays continue on contractor's part, the OWD/PMU (through the Resident Engineers) needs to take effective steps including issuing of notices, non-conformance reports and application of appropriate contractual remedies to ensure that serious issues/lapses are checked/contained well in time.

27. *Staffing.* The non-mobilization of Environment and Safety Officers on site by the contractors continues to be an issue in contracts P01 and P02. So far, only one Safety Officer has been deployed on contract P03, who too has not been properly supported with the required resources (signage, delineators, PPE and other safety devices/equipment as per the required standards). On the



construction supervision front, two out of three positions of Environment Officers have been filled-up as part of the interim support arrangements. The mission had detailed discussions with the Environmental Officers representing contracts P02 and P03 and the Resident Engineers of the three Phase I contracts. Guidance on EMP implementation was provided by the mission during these discussions. The third position (on P01) is expected to be filled-up by February 28, 2011.

28. The mission once again discussed and re-iterated the need to establish an Independent Environmental Committee (constituting of officials/experts from Department of Forests, Wildlife Wing and State Pollution Control Board), which with the assistance of Environmental Management Cell (OWD/PMU) needs to assess site-specific EMP implementation once in six months. The formation of this independent committee has been agreed as part of the monitoring and evaluation mechanism for OSRP to ensure effective environment management, particularly during the construction of works. It was agreed that the committee will be put in place and will initiate working by mid-March 2011.

29. **Phase II Roads.** The mission discussed in detail and provided guidance to OWD/PMU to initiate and carry forward the process for obtaining Environment Clearance from MoEF. Form 1 and other supporting documents to be submitted along with the application are being finalized for Jagatpur-Chandbali Road and it is expected that the submission of the said documents will be completed by February 7, 2011. Once this is done, the EA report will be updated in line with the recently issued MoEF guidelines. More details are in Annex 5.

30. **Institutional Arrangements.** The mission reviewed the institutional arrangements for environmental management within OWD/PMU and interacted with Nodal Forest Official, who has recently joined the EMC of the PMU. While the staff strength continues to be satisfactory keeping in mind the type, magnitude and status of field activities, there is a need to re-organize the work load and clearly define the responsibilities of the staff to ensure effective functioning of the cell. The EMC/PMU also needs to strengthen supervision (including initiation of regular monthly inspections), monitoring and reporting with regard to EMP implementation. More so, the OWD/PMU had informed the Bank during the previous missions about the intention to re-initiate the procurement process for the recruitment of Environment Expert due to the non-availability of earlier short-listed candidates. However, there has not been any progress on this front till date. The mission urged OWD/PMU to initiate and complete this activity at the earliest.

## **Social Safeguards and Management**

31. **Land acquisition (LA):** As reported during the last mission (November 2010), the project has made good progress in the LA process and most of the land required for 1<sup>st</sup> year packages is reported to have been acquired and compensated and LA for 2<sup>nd</sup> Year Package has made a good beginning with 16 villages where section 7 is reported to have been completed.

32. Initially, LA was envisaged in 155 villages coming within the three corridors of the 1<sup>st</sup> Year works, of which 3 villages are dropped from P02 as these are now found to be unaffected. Of the revised 152 villages, LA is reported to have completed in 140 villages and in 7 villages it is in advanced stage where section 7 is complete. *It was agreed that LA in the remaining villages of the 1<sup>st</sup> Year packages would be completed by March 31, 2011.* In the 2<sup>nd</sup> Year works, Jagatpur-Chandbali has 115 villages come within the corridor of which 15 villages have government land and therefore do not require going through LA process. In all the 100 villages requiring acquisition of private land, LA is reported to have been notified under section 4(1) of which 52 villages have been notified under section 6 of the LA Act. In 16 villages the process of LA is in advanced stage with the completion of section 7. Drawing lessons from the delays in LA in 1<sup>st</sup> Year Packages, the mission urged the Project to take adequate steps to

ensure that more than 50% of the corridor is encumbrance free and all the land losers are compensated for their losses before the award of the contract.

33. **Resettlement and Rehabilitation (R&R):** Though extending R&R assistance has got unduly delayed but since the last mission in November 2010, it has made significant progress. Verification process of eligible project affected families (PAFs) for establishing their eligibilities for R&R entitlements for 1<sup>st</sup> milestone stretches is almost complete. So far, 308 families have been verified and R&R assistance (including compensation for unauthorized structures) has been extended to 266 eligible PAFs and 113 PAFs have got relocated. *It was agreed that the R&R assistance to the remaining PAFs would be released in the joint accounts by end February 2011 and the relocation of all these families would be completed by March 31, 2011.*

34. As reported during the last mission, the Project has been receiving a number of new claims for the R&R assistance. These claims include potential PAFs covered in the census survey but not included in the Resettlement Plan, PAFs staying in the project area but not covered in the census survey and those who entered in the project area after the cut-off date. At the time of the missions' visit, the Project had identified 328 such claims which have been scrutinized by a Joint Verification Committee and recommended 228 claims to the project (package) level Rehabilitation and Peripheral Development Advisory Committee to extend R&R assistance. *It was agreed that the project would ensure the final decision from the RPDAC be obtained by February 15, 2011 in case of P02 and by March 31, 2011 for P01 and P03.* The mission was informed that there are 265 (132 private and 133 encroacher) structures which will be partially affected (losing less than 25% of structure and need no relocation). All the losses for private structures are reported to have been compensated. The mission suggested that adequate notices should be issued for dismantling the affected portion of the structures. Drawing lessons from the 1<sup>st</sup> year works, there is a need to have an implementation NGO (INGO) in place quite early on to ensure availability of encumbrance free stretches for undertaking required works. It was recommended that the Project would contract an INGO for Chandbali-Jagatpur package by June 30, 2011.

35. In order to identify encumbrance free stretches, the mission advised to prepare chainage wise details identifying stretches where both LA and R&R have been completed and stretches where LA is complete. This will help to identify priority stretches where the INGOs can have focused working with the affected people and help them in their R&R process (see Annex 6 for details).

36. **HIV/AIDS prevention:** It was evident from the field visit to all the three packages of the 1<sup>st</sup> year that the contractors have not yet taken up required measures in camp sites to prevent spread of HIV/AIDS. The mission urged the Package Managers to follow up with contractors and ensure that adequate measures are undertaken to prevent HIV/AIDS in the project area. In this regard, the contractor can take the help of the nodal NGO and INGO who could facilitate linkages with the District health agencies, obtain HIV/AIDS awareness material and exhibit them in the camp offices; and organize health awareness camps including HIV/AIDS.

37. The Social Safeguard Management has been rated as **Moderately Satisfactory (MS)**.

### **Financial Management**

38. **Disbursement Status:** The disbursement profile remains unchanged from the last mission in April 2010 with disbursement [as on January 1, 2011] standing at USD 14.636 million, against the original Loan allocation of USD 250 million. This reflects approx. 6% disbursement. The funds disbursed to date reflect (a) PPF expenditures of USD 0.547 million, (b) IBRD Front end fee of USD 0.625 million and (c) reported project expenditures up to 30-Jun-2010 amounting to USD 7.990 million and (d) advances against forecast and to be adjusted against project expenditure amounts to USD 5.474 million.

39. The IUFs for the quarter ended September 30, 2010 have been received and the project has submitted the documentation claim for ₹21.007 million [equivalent of approx. USD 0.467 million] with CAAA. This however, does not alter the disbursement profile which still remains at 6%. The project has informed that IUFs for the quarter December 31, 2010 will be submitted for the Bank's review by the due date of February 15, 2011.

40. **Fund flows and Project Expenditures:** Against the original budget of ₹147.60 crores provided in the State Budget for the year 2010-11, PMT, OSRP estimates a surrender of cumulative amount of ₹56.5 crores during the year. The revised estimated budget for the project thus, stands at ₹91.1 crores for the year 2010-11. Out of this budget, expenditure amounting to ₹64.97 crores has been incurred till December 2010. On the overall, fund releases by GoO have been reported to be timely and adequate.

41. As per the IUFs for the quarter ended September 30, 2010, total project expenditures during the quarter have been reported as ₹10.496 crores (with Bank's share being ₹2.10 crores) and the cumulative reported expenditures for the project as ₹97.817 crores (with Bank's share being ₹40.254 crores). The financial progress as on September 30, 2010 is summarized as follows:

(in ₹)

Component	For quarter ended 31-Sep-2010			Cumulative till date		
	Bank Share	GoO Share	Total	Bank Share	GoO Share	Total
Road Improvement Component	18,477,241	8,314,759	26,792,000	387,117,064	240,503,004	627,620,068
PPP Component	-	-	-	7,732,526	3,479,638	11,212,164
ISAP and Operating Costs	(222,759)	(100,241)	(323,000)	4,934,193	5,277,707	10,211,900
Rehabilitation & Resettlement	2,752,414	1,238,586	3,991,000	2,752,414	33,046,893	35,799,307
Land Acquisition, utility shifting and other non eligible exp	-	74,502,000	74,502,000	-	293,330,956	293,330,956
<b>Total</b>	<b>21,006,896</b>	<b>83,955,104</b>	<b>104,962,000</b>	<b>402,536,197</b>	<b>575,638,198</b>	<b>978,174,395</b>

42. Some of the key points of note and observations are as follows:

- The cumulative expenditures of ₹38.71 crores (Bank's share) reported under Roads Improvement Component relate to (a) mobilization and material advances paid to contractors for Packages 1, 2 & 3; (b) payments to construction supervision consultants; (c) expenditures on fixing of boundary stones; and (d) payments made against running contractor bills for Packages 1, 2 & 3;
- Expenditures of ₹0.773 crores (Bank's share) reported under PPP Component relate to payments to PPP transaction advisor;
- Expenditures of ₹0.493 crores (Bank's share) reported under ISAP and Operating Costs Component relate to payments for (a) training of OWD staff; (b) consultancy fee to social advisor & environment audit; (c) contractual salaries for PMT staff; (d) hire of vehicles; (e) office maintenance; and (f) procurement of office equipment etc.
- Expenditure of ₹0.275 crores (Bank's share) reported under Rehabilitation and Resettlement Component relate to payments for (a) Sanctioned payments made to Project Affected Persons (PAPs); and (b) contractual payments made to NGOs.

43. **PAP Approval Verification:** As part of the mission, the team reviewed the PAP approval procedure for a random sample of cases for which the documentation was made available at the PMT, Bhubaneswar. This entailed review of supporting documents for: (a) Interview schedules for micro plan verified and certified by Team leader, NGO and counter signed by PAP; (b) Attested Consumer Identity Card and Voter Identity Card of PAP; (c) Attested copy of PAP joint Bank A/c opened under this scheme; (d) Attested copy of Census survey of OSRP (unique ID No. given by DPR consultant); (e) Workings for detailed estimates for existing structure (signed and sealed) by Nodal officer R&B and approved by package managers; (f) Attested photograph of PAP along with structure; and (g) Other relevant documents.

44. On review, the above documents were found in order and no exceptions were noted. However, as a prudent practice, it is recommended that at the time of making the final payments, confirmation in writing should be obtained from the PAPs and the same should be countersigned by the Team Leaders of the respective NGOs or any other independent third party.

45. The package wise status of PAP approvals and payments for the 1<sup>st</sup> Milestone is summarized as under:

Particulars	Package 1	Package 2	Package 3
No. of PAPs identified	87	147	71
No. of Joint Bank A/c opened	87	130	71
No. of Sanction orders	87	112	71
No. of Bank Draft issued	84	118	64
No. of PAPs received 1st Inst.	77	64	7
No. of PAPs Rehabilitated	65	42	7

46. **External Audit:** The audit report for the year 2010-11, was submitted for the Bank's review within the due date. The same was reviewed and found acceptable.

47. **Revision of Financial Manual:** The Financial Manual has been duly revised to reflect the delegation of financial authority for procurement of consultancy services has been cleared by the Bank and presently awaits clearances from the Finance Department, GoO. The mission was made available the revised copy of the Financial Manual.

48. **Adequacy of Financial Management Arrangements:** On the overall, the accounting and financial reporting arrangements as were agreed during appraisal and documented in the Financial Management Manual are by and large, in place. The accounting for the project expenditures are mainstreamed into the OWD's accounting system and the IUFs prepared on the basis of monthly AG's monthly Appropriation Accounts, thus eliminating the need for establishing parallel accounting and reporting mechanisms for the project. As of now, this arrangement appears to be working well and the IUFs are being prepared on a timely basis. In order to avoid delays in the year-end audit, the PMT will continue to obtain and maintain copies of all vouchers and documents relating to expenditures at the Field Divisions.

**Financial Management Rating:** The financial management performance is rated as **Satisfactory (S)**.

## Procurement

49. *Post Procurement Review:* The mission had shared the findings of the post review on selection of individual consultants in its PPR report and appraised the provisions of guidelines to the PMU during the interim mission. Procurement Post Review of the contracts awarded between July 01, 2009 to June 30, 2010 is likely to be carried out by bank during end Feb. 2011 for which the dates shall be finalized in consultation with PMU.

50. *Complaint Handling:* The mission expressed its concern over the inaction on the procurement related complaints as one of the complaints from the consultants is pending for response from PMU for last several months. PMU agreed to review the system to ensure that the response is forwarded by February 28, 2011. PMU also agreed that in the monthly reporting system on complaints, status of response to the complaints will also be included.

51. *Rating:* Procurement is rated as **Moderately Satisfactory** considering the quality of documentation received for the procurements carried out so far. However the mission informed that delays in award process, repeated extensions in proposal validity and delays in initiation of bidding process for Phase-2 roads continues to be a matter of concern and in the event no appreciable progress takes place in next six months the procurement rating would be downgraded appropriately.

#### Loan Covenants

52. The mission noted with concern that several legal covenants are out of compliance and need urgent attention by PMU. Please refer to Annex 7 for details.

53. *Implementation Progress Rating:* The implementation progress rating of the project has been maintained as **Moderately Unsatisfactory**. An action plan has been agreed with the GOO to resolve current implementation issues and to upgrade the rating back to satisfactory level. Following is the Mission Assessment of Components and Management.

**Table 2: Mission Assessment of Components and Management**

Field	Rating	
	Last Mission	Current Rating
Road Corridor Improvement Component	MS	MU
PPP Enabling Support, Sector Policy and Institutional Development, and Implementation Support Component	MS	MU
Environmental Safeguard Management	U	U
Social Safeguard Management	U	MS
Project Management	MS	U
Financial Management	S	S
Procurement quality/timeliness	MS	MS

HS highly satisfactory, S satisfactory, MS Moderately Satisfactory, MU Moderately Unsatisfactory, U unsatisfactory, NA not applicable. Italic letters represents upgraded rating from the previous mission, while the bold letters represents downgraded ratings.

54. The next implementation support mission will be undertaken in July 2011. However, an interim mission has been planned in the month of April end 2011 to review the progress on the agreed action plan.



**INDIA****Orissa State Roads Project (Loan Number 7577-IN)  
Second Implementation Support Mission (January 16-24, 2011)****Action Agreed during the Mission**

<b>No.</b>	<b>Action Required...</b>	<b>Agency</b>	<b>By Date</b>
<b>Project Management and Civil works</b>			
1	Comprehensive review of the project by SLEC and initiation of corrective measures.	GOO	Feb 15, 2011
2	Resolution of GSB issue	GOO	Feb 28, 2011
3	Completion of all pre-construction activities and handing over of encumbrance free land to the contractors of revised first mile stone stretches of phase I contracts.	PMU	Feb 28, 2011
4	Completion of all pre-construction activities and handing over of encumbrance free land to the contractors of revised second mile stone stretches of phase I contracts.	PMU	Apr 15, 2011
5	Review evidence of participation by lead JV partners on all three contracts) and seek legal opinion to enforce their active participation in execution of contracts.	GOO	Feb 28, 2011
6	Complete an independent third party review of the quality assurance system and quality of works including construction zone safety by engaging a academic/research institute from a nearby state	PMU	Mar 15, 2011
7	Ensure contractors obtain permission to operate his plants on all phase I contracts	PMU	Mar 15, 2011
8	Establishment and staffing of following dedicated unit in OWD: Road Asset Management Cell by February 28, 2011 IS Cell by April 15, 2011 IT-ICT-MIS Cell by March 31, 2011		
9	Issue notices of non-compliance by the contractors on construction zone safety, environmental management and quality issues and take corrective measures as per contract.	Resident Engineers	Immediate and continuous
10	DBM layer rectification/relaying in P-01 to be completed.	Resident Engineers	Feb 15, 2011
11	Resolve issues of Toll Gate on existing Road	GOO	Feb 28, 2011
12	Submit a Report on credit for the scarified material	Resident Engineers	Feb 15, 2011
13	Staffing of the OWD personnel in the RE's office should be increased.	PMU	Mar 15, 2011
14	Maintenance of Km 27-32 of Bhawanipatna – Khariyar Road	Resident Engineers	Feb 15, 2011
<b>PPP Enabling Support</b>			
1	Submit the latest versions of the PPR as well as key bidding documents including the draft concession agreement, along with their own observations and comments.	PMU	Feb 28, 2011
<b>IS &amp; GAAP Matters</b>			
1	Issue G.O. and implement revised 'ISAP implementation responsibility framework' in OWD	GOO / OWD	Feb 15, 2011
2	Take up new ISAP-linked establishment and staffing requirements within current OWD re-organization / staffing submission before GOO	OWD / GOO	Feb 15, 2011
3	Establish and staff new dedicated full-time Asset Management cell, IT-ICT-MIS cell and I S cell within OWD	GOO, OWD and PMU	Feb 28, Mar 31 and Apr 15, 2011

4	Mobilization of Asset Management System consultants in OWD	OWD / PMU	Mar 1, 2011
5	Submit technical evaluation of proposals for Project Management Consultant services (IT-ICT-MIS strategy/implementation support) to Bank for review / NOL	OWD / PMU	May 30, 2010
6	Facilitation of online complaint handling on Website; Compilation, reporting and monitoring of all project related complaints (from all divisions) and especially those related to LA and R&R issues	PMU	Apr 30, 2011
7	Link to GOO's online grievance monitoring system (cmgcorissa.gov.in) and information on disqualification of bidders on OSRP Website	PMU	Immediate
8	Initiation of Quality audits by the State Quality Monitoring Personnel	PMU/OWD	Mar 1, 2011
9	Secure additional PMU resources for compiling baseline data for the Road User Satisfaction Survey	PMU	Feb 28, 2011
<b>Environment Management and Safeguard Issues</b>			
1	Deployment of Environment and Safety Officers by the Contractor	Contractors	Immediate
2	Undertake actions/corrective steps (listed in annexure) to ensure EMP compliance on the 3 Phase I contracts	Contractors	Immediate
3	Resolve tree material disposal (after felling) issue on P03 and P01	PMU/Contractors	March 15, 2011
4	Initiate Environmental Clearance process for Phase II roads	OWD / PMU	Immediate
5	Complete Environment Clearance process for PPP road/s and share revised EA/EMP with WB for review	OWD / PMU and PPP Consultant	March 30, 2011
6	Constitute Independent Environment Monitoring Committee and initiate its working	OWD / PMU	Mar 15, 2011
7	Initiate recruitment process for the Environment Specialist in OWD/PMU	OWD / PMU	Mar 15, 2011
<b>Social Development Issues</b>			
1	LA in the remaining villages of the 1 <sup>st</sup> Year packages to be completed.	PMU	Mar 31, 2011
2	R&R assistance to the remaining PAFs of 1 <sup>st</sup> Milestone to be released in the joint accounts. The relocation of all these families to be completed.	PMU	Feb 28, 2011 Mar 31, 2011
3	Ensure the final decision from the RPDAC be obtained in case of P02 Ensure the final decision from the RPDAC be obtained in case of P01 and P03.	PMU	Feb 15, 2011 Mar 31, 2011
4	Complete procurement of INGO for Chandbali-Jagatpur package.	PMU	Jun 30, 2011
<b>Procurement</b>			
1	Send the response of complaint received from CSC to the Bank	PMU	Feb 28, 2011
2	Submit Technical Evaluation Report of consultants for supervision of balance work.	PMU	Mar 15, 2011
<b>Financial Management</b>			
1	Submit IUFR for the quarter 31 December 2010	PMU	Feb 15, 2011

### Civil Works

1. The contractors are still failing to make use of the improved work front availability on Milestone-1 stretches and the working season available to deliver on the quantum of progress. Principal reasons attributable to such slow progress are: (i) absolute lack of delegation of decision-making and financial powers to the project manager, who has to approach the top management of the company for every small expenditure and decision; (ii) very weak contract planning and scheduling (no resource based project plan is still available from the contractors' side); (iii) poor support in execution by the respective lead partners to the common local JV partner of contractors who apparently lacks the capacity to execute such a contract; (iv) absence of adequate labour gangs, shortage of graders/pavers and other key equipment; (v) lack of good quality management and monitoring systems at site and laboratory by the contractor.

2. Even with more dedicated staff in place under the interim arrangement for supervision by OWD, there continues to be project and contract management weaknesses especially in controlling quality and progress. The PMU/Resident Engineer staff needs to document/issue instructions/notices and apply contractual remedies, in case of the failure of the contractors to show adequate progress as per their resource-based plans. Also, the OWD/PMU should now focus on completing the LA/R&R and shifting of utilities, tree cutting and other public amenities like temples, water taps etc as soon as possible for the 2<sup>nd</sup> milestone stretches. During the site visits, the mission was informed that there is a further delay in handing over encumbrance free lands to the contractor.

3. During the site visits it is evident that GSB layers are not being executed for quite some time now resulting in stagnation. This results in a physical constraint on executing layers above the GSB i.e., WMM, DBM and BC. The mission was informed that all stretches where GSB has been completed, the layers up to BC will be completed by end-Feb, 2011. Irrespective of availability of land to contractor or level of resource mobilization by the contractor, there may be a slowdown in progress – financial and physical – if the issue of GSB is not expeditiously resolved.

4. The mission was informed that the Extension of Time (EOT) has been recommended by the respective Resident Engineers, to the Chief Engineer. It was observed by the mission that the Resident Engineer has recommended GOO to own all the responsibility for the delay in the execution of work and has ignored the poor performance and non-obligation by the contractor on various fronts. The mission suggested Resident Engineer and PMU to re-examine EOT applications in detail so that probability of any future financial claims by the Contractors can be reduced.

5. The mission was informed that there are four toll booths under operations on phase I roads and the contractors have been requesting that their vehicles engaged in the construction activities of these roads may be exempted from paying toll. The mission learned that tolls were continuing for development works which were done quite long ago and it now seems to be inappropriate for the users even as the service quality has significantly dipped down owing to the ongoing construction of these roads. The mission request GOO to resolve this issue urgently.

6. The mission wishes to reiterate its advice to the Resident Engineers to review the changes made to specifications and quantities in the DPR to assess the cost implications to the contract and the consequent excess/savings. Credit needs to be given to the scarified material from the existing road being re-used for the new construction. Due diligence needs to be done by the PMU to finalize these aspects.

7. Site visit observation on technical/safety aspects: As has been repeatedly raised during the previous mission visits, there is an ample scope for improving the progress, quality and workmanship of execution, and also safety standards with respect to construction zones.

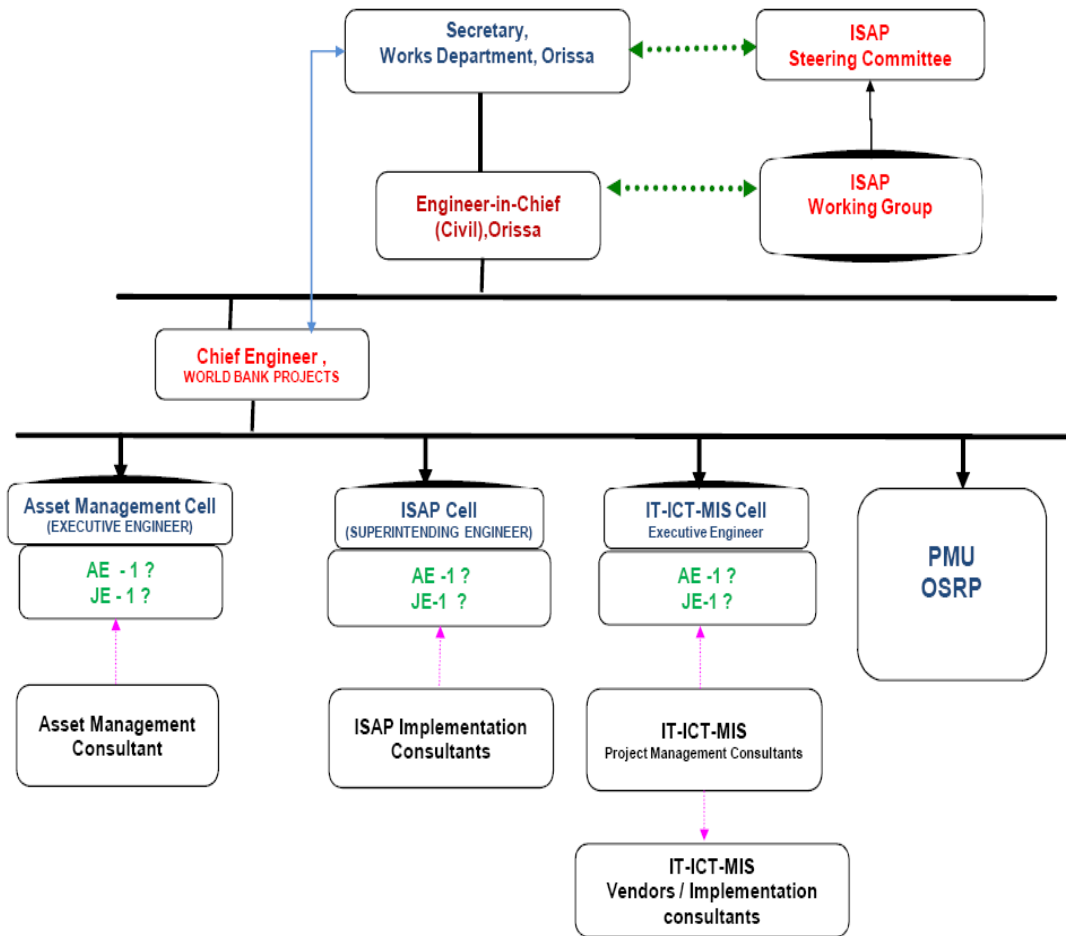
- (i) In all contract packages, it was observed that the workmanship and quality of concrete construction is very poor. Honey-combing, bulging, stripping of concrete and other such defects were observed. These need to be rectified to required specifications as soon as possible. The progress on CD works i.e. box culverts and minor bridges, is slow. Use of concrete pumps and proper vibration should be ensured to prevent recurrence of such problems.
- (ii) The riding quality on the BC layers in P-02 leaves a lot to be desired. The mission was informed that the heating and the vibrating systems in the paver was not functioning properly at the time of laying the BC. Mission advised the Resident Engineer to take corrective action as well as ensure that good quality bituminous work is done.
- (iii) In contract P-01, the defective DBM stretches, as pointed out in the previous mission, should be got rectified as soon as possible before the subsequent layer of BC is laid.
- (iv) Execution of WMM layers is being done using a grader. Mission advised that use of mechanical pavers when doing the second layer of the WMM might help in improving the overall riding quality of the pavement.
- (v) Mission observed in the testing laboratory that sample referencing and record keeping was not very satisfactory when it wanted to cross-verify results for cube testing etc. There is no self imposed quality management system within the contractor team. This needs to come in from the lead partner of the contractor to ensure better quality and safeguarding its reputation.
- (vi) Maintenance of some existing handed over road stretches has been done and the situation has improved. However there were still some stretches where the riding quality was very poor with lots of potholes and depressions. In P-01, the pavement does not exist in some stretches. This needs to be rectified soon.
- (vii) Similarly, diversion signs and proper barricading as per the specifications were missing – creating hazardous situations for night driving in places where there are huge differences in levels. The mission, once again, advised the Resident Engineers to impose the penalty provisions available in the contracts when such safety provisions are found missing at site even after warnings issued.
- (viii) Debris was found lying beside the road and needs to be disposed off immediately. Poor safety conditions and improper debris disposal especially during the winter fog create a lot of problems for motorability, safety and other environmental issues for road users and nearby inhabitants.
- (ix) On P-02, the progress of works on CD structures is very slow. Also, in stretches where GSB/WMM has been laid, we need to move forward to cover up with the upper layers as soon as possible to show better progress. But quality of works should not be compromised as a result of increased speed of working.
- (x) Mission observed on P-02 there was an instance of wrong reporting. A minor bridge which was still under construction, the return walls, kerbs and parapet wall were still under construction, has been indicated as completed.

- (xi) Existing toll collection on the proposed road stretches where the roads are being dismantled or strengthened makes no sense. It is causing an unnecessary financial burden on road users for a road under construction.



**Proposed IS Responsibility Framework for OWD & GOO**

IS Responsibility Framework(Proposed)



### Governance Accountability and Action Plan (GAAP)

1. The Bank representative had meetings with key OSRP counterparts<sup>3</sup> on the GAAP progress and the proposed Workshop on Quality and Vigilance roles in the OWD.
2. The following are our detailed observations on these aspects:
  - i. Under the disclosure requirements, the Bank representative was informed that the GoO has just recently<sup>4</sup> approved the proposed complaint handling mechanism for the project, with some modifications. The PMU was informed that the process of disqualification of bidders is still not on the Website. As such, these should be made available on the website by April 30, 2011 to facilitate addressing of complaints from the public and other stakeholders on project procurement, quality and fraud and corruption issues. In the interim, the PMU has agreed to put a link to the GOO's online grievance monitoring system (cmgcorissa.gov.in), to facilitate posting of complaints by the public
  - ii. The mission noted with concern that some land losers have approached the court for redressing their grievances with regard to LA, especially on package P-02 and P-03. For example, there is resentment among the locals about the shifting of a market in P-02 and appropriation of temple land in P03, but these have not been reported in the current monthly report or in any other format. Ideally, monthly reports on complaint handling need to include issues related to LA and R&R. The Bank's experience elsewhere indicates that with progress in the implementation of LA and R&R activities, the number of such complaints from the affected people on the process of implementation, actual compensation paid and R&R entitlements extended to them will increase tremendously, if grievances are not recorded and addressed in a transparent, efficient and equitable manner. As such, the PMU needs to be more objective in preparing the complaint handling report to cover all project components and activities.
  - iii. With regard to the independent quality monitoring by the state quality monitors, the Bank representative was informed that while the terms of reference of the quality monitoring personnel (QMP) have now also been approved by the OWD, the appointment of the QMP is pending for which Government Order is awaited.. The mission is of the opinion that the quality audits should be initiated by March 1, 2011.
  - iv. The baseline road user satisfaction survey is still overdue – the mission was informed that three firms have been shortlisted for the same along with the corridors to be surveyed. The award of contracts would probably only happen now by May 2011 after receipt of the bids by end February 2011. Pending the appointment of the consulting firms, the mission urged the PMU to compile existing data on the project readily available through feasibility reports and other OWD documents to assess the progress on operation and maintenance arrangements for the core road network, operation of core business functions and compliance with RTIA and the GAAP. The Bank would provide a list of indicators for which the data need to be collected.

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<sup>3</sup> Mr. N.K. Pradhan, Project Director (OSRP), Mr. B.C. Tripathi, Executive Engineer-II, Mr. Sameer Hota, Assistant Engineer

<sup>4</sup> January 14, 2011

- v. The PMU conducted a workshop on the quality and vigilance aspects and roles of the OWD on road works, which was well attended by the top management of the OWD, PMU and the field offices. The Bank was informed that GoO has approved the holding of such workshops every quarter for sharing knowledge across the OWD and to ensure better governance on all OWD works.

### Environment Management and Safeguards

1. The mission held detailed discussions with the officials of the OWD/PMU, including the Resident Engineers of the three on-going Phase I contracts; Environment Officer supporting Resident Engineer on contract P03 as part of interim construction supervision arrangements and the Project Managers from contract 3 of the Contractor's team.
2. The focus of the mission was to assess the adequacy and quality of EMP implementation in the project and review the status and progress on actions/activities agreed during previous missions. This assessment included a review of: (i) pre-construction activities such as tree cutting, tree protection and relocation of hand pumps; (ii) compliance with regulatory norms/requirements by the contractors and; (iii) institutional arrangements (including staff deployment) by contractors and OWD/PMU for undertaking environmental management activities in the project. In addition, the mission interacted with the Nodal Forest Official (DFO level), who has recently joined the Environment Management Cell (EMC) of the OWD/PMU and discussed issues pertaining to regulatory clearances for PPP and Phase II roads and functioning of the EMC. The mission also visited three roads, namely, Berhampur-Taptapani (Contract 3 under Phase I), Rourkela-Sambalpur (under PPP component) and Banarpal-Daspalla (proposed under Phase II) and provided suggestions to better address environmental aspects related to implementation and regulatory processes.

#### Phase I works

3. **Implementation of EMPs:** The over-all compliance with regard to implementation of Environmental Management Plans (EMPs) in the project continues to be 'unsatisfactory'. While the mission noted some efforts to improve the situation on the ground, most of the actions agreed during the earlier missions remain either remain unachieved or have been complied only partially (refer table given below).

Activity	Current Status
1. Mobilization of Environment and Safety Officers	Pending
2. Completion of Camp/Plant Site Documentation for all 3 year-1 works	Partially Complied
3. Obtaining consents from OSPCB	Partially Complied
4. Obtaining permission for ground water extraction	Pending
5. Obtaining requisite license/permits for quarry and crusher operations (including transit permits)	Partially Complied
6. Preparation and approval of debris/waste disposal plan	Pending
7. Preparation of first-aid and emergency response plan	Pending
8. Identification, approval and documentation of material sources (earth, sand, aggregate, water) in line with EMP stipulations.	Partially Complied

9. Identification and Approval of Pollution Monitoring Agency	Pending
10. Integration of EMP requirements and targets in the work planning and programming (includes requirements pertaining to construction of noise barriers and protection works for water bodies)	Pending

4. Regulatory clearances, particularly ‘consents’ from the SPCB to operate Hot Mix Plants, Crushers, Batching and WMM plants are yet to be obtained by the contractors. In contract P01, where such permission had been obtained for Hot Mix Plant, Crusher and WMM plant, the consent was obtained under a wrong category (green instead of red, as is required under regulatory norms and was also raised/reported in the aide memoire of August 2010 mission) and the corrective action has still not been taken by the contractor.

5. Among other key issues, lack of deployment of environment and safety officers; very poor traffic and worker safety practices; improper storage of hazardous/inflammable materials; non-implementation of pollution control measures at camp and plant site, particularly in contract P02 and; lack of documentation in line with EMP reporting requirements continue to be issues of serious concern. The mission reiterated that owing to such continual lapses, there is clearly a need for OWD/PMU to intervene, closely follow-up and apply contractual remedies to ensure that the contractors do not get away with non-compliances and follow the required contractual discipline. The OWD/PMU and the Resident Engineers need to take effective steps including issuing of notices, non-conformance reports and application of appropriate contractual remedies to ensure that serious issues/lapses are checked/contained well in time.

6. Despite this, some improvements were observed on the ground, primarily due to the efforts of OWD and the Environmental Officers who are supporting PMU as part of interim construction supervision arrangements (after the services of the CSC were terminated in end of August 2010). However, this efforts will continue to be adhoc until the contractor takes EMP implementation seriously. Deployment of the qualified staff (Environment and Safety Officers) and following of a systematic approach will help the contractors in saving precious time, effort and money that is currently lost due to lack of planning and timely consultation with OWD/ PMU. The mission once again reiterated that it is possible to turn around the ‘unsatisfactory’ situation provided sufficient attention is given by GoO and the contractor’s management (including that of lead partners)and interventions are made early-on, as still the civil works have not progressed much.

7. The following key actions need to be undertaken by the contractors and then closely followed-up by the OWD/PMU and Resident Engineers to ensure that environment, health and safety stipulations under the contract are in adherence:

- i. Deployment of Environment and Safety Officers
- ii. Completion of Camp/Plant Site Documentation for all three year-1 works (includes approval for location, lay-out and submission of documents on land ownership)
- iii. Obtaining of consent from SPCB for operation of plants
- iv. Obtaining permission for ground water extraction
- v. Obtaining requisite license/permits for quarry and crusher operations (including transit permits)
- vi. Preparation and approval of debris/waste disposal plan
- vii. Preparation and implementation of first-aid and emergency response plan
- viii. Identification, approval and documentation of material sources (earth, sand, aggregate, water) in line with EMP stipulations.
- ix. Identification and approval of Pollution Monitoring Agency and initiation of pollution monitoring
- x. Integration of EMP requirements and targets in the work planning and programming.



8. A table highlighting the key regulatory/statutory provisions to be complied by the contractors is provided below.

S. No.	Aspect/Activity	Act/Rule	Authority
1	Location/ layout of workers camp, equipment and storage yards	Environment Protection Act, 1986 and Manufacturing, Storage and Import of Hazardous Chemicals Rules, 1989	Orissa State Pollution Control Board
2	Hot mix plants, Crushers, Batch Mix Plants etc.	Air (Prevention and Control of Pollution) Act, 1981 and Noise Pollution (Regulation and Control) Rules, 2000 – Consent to Establish and Operate	Orissa State Pollution Control Board
3	Storage, handling and transport of hazardous materials	Hazardous Waste (Management and Handling) Rules, 1989 and Manufacturing, Storage and Import of Hazardous Chemicals Rules, 1989	Orissa State Pollution Control Board
4	Permission for sand mining from river bed	Environment Protection Act, 1986	Irrigation Department, Govt. of Orissa
5	Permission for withdrawal of groundwater for construction	Environment Protection Act, 1986	Ground Water Board
6	Fuel (Diesel) Pump	Rules related to inflammable material storage/transportation and fire safety	Concerned District Administration
7	Quarries	Environment Protection Act, 1986	Dept. of Mining, Govt. of Orissa; Concerned District Administration
8	Discharges from Construction/Labour Camp	Water (Prevention and Control of Pollution) Act, 1974	Orissa State Pollution Control Board
9	Disposal of bituminous wastes	Hazardous Waste (Management and Handling) Rules, 1989	Concerned Local Authority/Body

9. In addition, compliance with various labour laws needs to be ensured.

10. Other actions that are required to be taken by the contractors and OWD include:

- Strict enforcement of work site safety measures (including night-time safety provisions) for the general public and workers (by OWD)
- Obtaining of written consent for water extraction/use from surface water bodies such as ponds used by communities (by contractors)
- Proper maintenance of haul roads (by contractors)
- Plugging of relocated bore holes of hand pumps (by OWD and concerned department)

11. **Tree Protection:** Though the work for ‘tree protection marking’ has been reportedly completed on contract P02, no clear statistics were available as of now. It was agreed that the OWD/PMU will verify the actual progress and quality of marking in the field and will provide a clear update to the Bank. In addition, the mission sought OWD/PMU’s attention to the requirement of preserving plant material from existing healthy (selected) road side trees in near-by nurseries for further propagation. This was discussed in detail with the Nodal Forest Officer of OWD/PMU, who will be facilitating/co-ordinating this activity from the headquarters and the Resident Engineers, who will support the execution in the field. Such an initiative will be important from biodiversity conservation and the first of its kind among the road projects of the country.

12. **Raising of the Road Profile at Selected Locations** While the Bank had agreed in-principle for a change in the original design proposing raising of the vertical profile in some sections of all the three Phase I roads (to bring the sub-grade of the proposed road above the highest flood level in the area), a detailed proposal on each contract, in accordance with the Bank's e-mail dated December 17<sup>th</sup> 2009 was to be submitted by OWD/PMU. This report including an independent technical opinion on the suggested/proposed changes and its social and environmental implications is still awaited.

## **Phase II Roads**

13. The Detailed Project Roads, including engineering design for the proposed Phase II roads along with the necessary environmental studies/outputs (EIA, Biodiversity Assessment and Management Plan, EMPs) were prepared/completed in the year 2006-07. However, the OWD/PMU has initiated the preparation for obtaining the required environment clearance only recently and therefore the most recent MoEF guidelines/notifications will apply.

14. The Ministry of Environment and Forests has revised the EIA notification of 1994 and issued a revised notification on September 14, 2006. Subsequently, further amendments and instructions have been issued, including the notification of December, 1, 2009. Therefore, for a comprehensive understanding, all of this information has to be read, understood and applied in conjunction with each other.

15. At OWD/PMU's request, the mission discussed in detail and provided guidance (both before and during the mission) to initiate and carry forward the process for obtaining Environment Clearance from MoEF. Form 1 and other supporting documents to be submitted along with the application are being finalized by PMU for Jagatpur-Chandbali Road and it is expected that the submission of the said documents will be completed by February 7, 2011. Once this is done, the EA report along with the DPR will be prepared/updated in line with the recent MoEF notifications/ guidelines.

16. To facilitate this work, the OWD/PMU may consider engaging new consultants to support the preparation/revision of studies or alternatively issue a variation to the technical advisory consultants, who are currently conducting/supporting a similar work under the PPP component.

17. The following key elements related to the EIA study and the proposed engineering design (including their co-relation) were discussed and explained in detail:

- Purpose of the project
- Baseline data/information (land-use, meteorology, air quality, hydrology, water quality, trees, forest area/s, wildlife, settlements, road condition, road safety etc.)
- Clear demarcation of protected area/s (on a map) (mention closest distance from the road)
- Adverse impacts (on land, water, air, flora and fauna)
- Impact on trees and forests (including diversion of forest land, if any)
- Public consultation (over-view, key issues and how findings were used in engineering design)
- Flooding and water logging
- Over-all management approach and measures (site specific EMP, including occupational health and safety aspects)
- Avoidance and minimization approach used (give examples and numbers on how direct impacts were avoided)
- Wildlife and Protected Area/s related information - impacts and mitigation
- Drainage pattern - impact and mitigation (including protection against soil erosion and scouring)
- Surface water bodies - impacts and mitigation
- Ground water conditions (including recharging provision)
- Pedestrian safety provisions

- Noise pollution and mitigation
- Road safety aspects (junction design, accidents and mitigation)
- Solid Wastes - estimation and management
- R&R details (including RAPs)

18. The mission provided soft copies (in December 2010) of some key documents that the OWD/PMU will require in order to take forward the environmental clearance process. This includes:

1. EIA Guidance Manual for Highway Projects
2. Notification dated September 14, 2006 under Environment (Protection) Rules, 1986
3. Notification dated December 1, 2009 under Environment (Protection) Rules, 1986

### **PPP Component - Rourkela-Sambalpur Road**

19. The draft Environment Impact Assessment (October 2008 version) (including the Environment Management Plan) report needs to be updated/revise in line with comments provided by Bank, SPCB and the outcomes from the currently on-going Public Hearing process. These revised reports will be required as part of the Preliminary Project Report package for Bank's clearance. More so, the EIA/EMP needs to be properly integrated into the Bidding Document, identifying clearly the sections where change/s will not be permissible on account of forestry/wildlife issues.

20. The OWD/PMU will be submitting the latest versions of the PPR as well as key bidding documents including the draft concession agreement, along with their own observations and comments, before end of February 2011, for review by the Bank. While reviewing the bidding documents, PMU is advised to pay particular attention to ensure that these documents accurately reflect various decisions already taken with regard to technical design in ecologically sensitive sections and the concessionaire's obligations with regard to management of environment, health and safety aspects.

21. While the first hearing was conducted in Sundergarh district in November 2010, the second one for Jharsuguda district was organised in January 2011. Likewise, the third Public Hearing session for Sambalpur district was also completed in January 2011 (during the mission period). The detailed minutes for all the three said sessions are expected to be shared with OWD/PMU by the SPCB/concerned district administration soon.

22. With regards to the EIA report, the main comments from the Bank, included: (a) the need for conducting a proper biodiversity assessment study, with a specific focus on issues related to elephant crossing/s; (b) preparation of a site specific biodiversity management plan, providing a set of clear engineering and non-engineering interventions that will be required to avoid/minimise/mitigate the man-wildlife conflict issues; (c) the need to conduct more number of public consultation sessions to adequately and properly understand and address the local issues/needs; (d) strengthening of the section pertaining to 'analysis of alternatives' and (e) strengthening of environment management plan by focusing on site specific issues. While the Bank has been awaiting the submission of revised reports (for Rourkela-Sambalpur road) since 2009, the mission was assured that the comments provided will be incorporated and the revised set of documents will now be shared by March 30, 2011.

23. Once the environmental reports are revised in line with Bank and MoEF requirements, the process for obtaining 'environment clearance' will be taken forward by OWD and the transaction advisory consultants.

### **Site Visits**

24. The mission visited three roads, namely, Berhampur-Taptapani (Contract 3 under Phase I), Rourkela-Sambalpur (under PPP component) and Banarpal-Daspalla (proposed under Phase II) and

provided suggestions to better address environmental aspects related to implementation and regulatory processes. In addition, the task team members, who visited the contract 1 (Khariar-Bhawanipatna) and 2 (Anandpur-Bhadrak-Chandbali) provided feedback on EHS issues in the said works, which are also being summarised in the section given below. The key observations are as follows:

### ***Berhampur-Taptapani***

- i. The required road safety measures are not being implemented. Basic cautionary and advance warning signboards as per the required standards were missing at all places. The importance of road safety has been reiterated during all mission visits but still it continues to be an area of neglect. Specific attention is required at culvert construction sites and sections with level differences.
- ii. The contractor also needs to pay attention towards: (a) safety during mechanical operations; (b) provision of reflective devices and lime washing of parapets to improve night-time visibility; (c) precautionary measures where old/new pipes are lying too close to the traffic movement area (d) deployment of flagmen at required locations for better traffic management; and (e) improvement of transition zones, both at culvert construction sites and in highway work zones.
- iii. The PPE discipline among engineers and workers needs drastic improvement.
- iv. The contractor also needs to put in place the required fire safety measures in the construction camp/plant site.
- v. The Resident Engineer has to take contractual recourse to counter the repeated non-compliance by the contractor on worksite safety management issues. Stringent action is required, including notices, penalties and even stoppage of work (in a section/location) in case of life threatening situations to infuse seriousness in the contractor's team about occupational health and safety issues.
- vi. The stack height of the HMP needs to be increased. More so, arrangements need to be put into place for collecting samples from the stack as part of the pollution monitoring process.
- vii. Pollution monitoring needs to be initiated in line with regulatory/EMP requirements.
- viii. The reporting in line with EMP requirements for the Murram Quarry, in use by the contractor for more than a year now, needs to be completed by the Contractor. This includes a written consent from community and a comprehensive rehabilitation plan for the said site. This issue was flagged during previous missions but still remains pending for want of action from the contractor's side.
- ix. The issue regarding disposal of felled tree materials needs to be resolved.
- x. The contractor needs to initiate construction of noise barriers/boundary walls for the affected schools in milestone 1.
- xi. While some improvements were noted in the main (new) construction camp, some bit of housekeeping, particularly with regard to waste management (both solids and waste water), proper stacking of materials and management of dust fines from the stone crusher is required. In addition, the bitumen spills need to be cleared properly and more prudence needs to be exercised to prevent such occurrences in future.
- xii. Systematic efforts are required for top-soil preservation. It needs to be ensured that top soil heaps do not mix with other material/earthen dumps.
- xiii. The mission reminded the site staff about the need to maintain appropriate construction timing and sequencing while opening work fronts/structures in areas identified as wildlife crossing sites.
- xiv. In order to ensure that there are no likely conflicts with the communities for use of water from the surface water bodies, particularly ponds, proper planning and timely consultation will be required.

- xv. The mission also suggested that construction of toe walls/retaining walls/stone pitching or other protection works in the road side ponds should be carried out/completed during the up-coming dry season. It needs to be ensured that clean-up and site restoration is completed prior to the monsoons in all such cases.
- xvi. The contractor needs to prepare and initiate implementation of debris disposal plan.
- xvii. Likewise, the emergency response plan too needs to be prepared and submitted to the RE for approval. The staff/workers need to be given the basic training to deal with emergency (including accidents) situations.
- xviii. The reporting/documentation is poor and needs to be sorted out by the contractor.
- xix. Among the improvements, the mission noted the following: (a) neatness in/along construction zones has started improving (no spills beyond the RoW); (b) a sprinkler system has been installed at the crusher plant to control fugitive dust emissions during plant operation; (c) some permissions from local authorities are in place; (d) bio-degradable waste from the camp site is being given away to villagers for use as cattle feed; (e) efforts are being made to maintain the haul road; (f) dust in the worksites is being controlled through water sprinkling; and (g) an active Environment Officer is in place as part of the interim arrangements made for construction supervision. The mission urged the site staff to further take forward these efforts to improve the EMP compliance on this contract.

### ***Rourkela-Sambalpur***

- i. The mission noted that for the proposed widening and strengthening of Sambalpur-Rourkela corridor under PPP component, the field divisions of OWD with help from technical advisory consultants are fixing up the boundary stones to demarcate the proposed RoW. This will help in clearly identifying the requirements for land acquisition, including forest land diversion cases and utility shifting.
- ii. The mission was also informed that the ‘Gram Sabhas’ are being organised in line with requirements of public involvement in Schedule V (tribal dominated) areas.
- iii. There is a need to re-consider the provision of a bypass at Kutra (between km 129 and 131), as availability of the required width doesn’t appear to be a major problem. Some R&R activities may be required but this will save the acquisition of farmland to construct a nearly 1.7 kms of new road. Even the people want the highway to continue through the existing RoW. The possibility of doing so needs to be properly examined.
- iv. Likewise, there is a need to re-look at some section of the Jharsugda bypass (9.8 km of proposed length, which is an extension of the existing bypass of the said town) as well on account of reasons mentioned above. More so, the current proposition to acquire 60 mts. strip for the bypass needs to be reviewed once again.
- v. It was re-confirmed during discussion with field officials that the elephant issues and their conflicts with human population are maximum in Sundergarh district.
- vi. There is a need for providing adequate/proper mitigation for road side schools and health centres to minimise disturbances to the users from highway operation.
- vii. Some section of the highway is located close to the backwaters of Hirakud reservoir – proper mitigation needs to be considered.
- viii. The consultant needs to check and re-confirm the chainages mentioned in EIA report as some discrepancy was noted during the field visit.

- ix. The mission has interacted extensively and provided many ideas (including designing of questionnaires) related to biodiversity assessment and management plan preparation for this corridor. Once the reports are made available to the Bank, the recommendations will be reviewed and if need be, another round of site visit will be conducted by the Bank team.

#### ***Khariar-Bhawanipatna and Anandpur-Bhadrak-Chandbali***

- i. In both the contracts, the traffic management and safety arrangements were found to be grossly deficient. Diversion signage, including advance warning signs and proper barricading as per the required specifications were missing even in places where there are huge differences in levels, creating hazardous situations for night driving. The mission reiterated the advice to Resident Engineers to issue warnings, ensure that the contractors take the required remedial action and impose the penalty provisions available in the contracts in such situations.
- ii. Debris was found lying beside the road in some locations and this should be disposed off immediately at pre-approved locations. Poor safety conditions and improper debris disposal especially during the winter fog creates safety problem for the road users and causes other environmental problems for the nearby inhabitants.
- iii. In contract P02 at the plant site, a hazardous situation of a fuel (diesel) pump near the labour/worker's camp was observed. Immediate corrective action is required to avoid any mishap.
- iv. More so, issues like empty first-aid box, material dumping near the worker's camp and improper drainage of waste water, as pointed out at site by the mission, need to be rectified at the earliest.
- v. No environmental and safety officers have been deployed by the contractor in either of the contracts.

#### ***Banarpal-Daspalla***

- i. Since the finalisation of the engineering design and other studies some three to four years back, new developments have occurred. This includes the inclusion (on-going construction) of some section of the road between Banarpal and Mahidharpur under the PMGSY programme.
- ii. In the light of this and other regional developments, the focus of the field visit was to evaluate possible options with regard to consideration of this road under Phase II works. These include:
  - Option 1: Banarpal – Mahidharpur (18 kms) to Daspalla (DPR prepared under OSRP; will require some updating to account for changes resulting from PMGSY works)
  - Option 2: Angul - Mahidharpur (some improvement carried out under NABARD funding and DPR for this section will be needed) to Daspalla
  - Option 3: NH junction - Mahidharpur (24 kms - DPR for this section will be needed) to Daspalla
  - Option 4: Mahidharpur to Daspalla
  - Option 5: Narsinghpur to Daspalla (47 kms).
- iii. The road section between Mahidharpur and Narsinghpur (via Hindol) passes through Ghat section with Reserved Forest cover. Areas around Hindol and Ghat sections were identified as elephant movement areas in the biodiversity study that was carried out for the entire OSRP.
- iv. More so, even tiger sighting in the Ghat section was reported by locals a few years back. The mission requested Nodal Forest Official, PMU to confirm the current status after due consultation and checks with the concerned experts, including those from Wildlife Institute of India and NTCA, as necessary.

- v. A lot of mango trees (both sides of the road) will be affected due to proposed widening works between Mahanadi bridge and Daspalla.
- vi. The OWD/PMU's Nodal Forest Official confirmed that the proposed road will be a Category A project and will require environmental clearance from MoEF on account of presence of designated protected areas within 10 kms, on both northern (Satkosia Reserve) and southern (Mahanadi WLS) side of River Mahanadi. The decision on the option will not influence this requirement. For inclusion of this road as part of Phase II works under OSRP, the OWD/PMU will need to initiate the preparation of environment clearance application and other documents for the said road at the earliest.
- vii. A decision on the option needs to be taken at the earliest keeping in mind the re-confirmation of facts on issues related to biodiversity (particularly the tiger issue) so as to enable further preparation (such as Environmental and Forestry Clearances; land acquisition), as may be necessary on the basis of finding/s from such an assessment.

### Social Management

1. The mission undertook field visit to all the 1<sup>st</sup> Year packages during January 4-5, 2011 during which time the mission interacted with the project affected people including those already relocated, those in the process of relocation and the functionaries of Implementation NGOs (INGOs). The mission also had discussion with the staff of the Package Manager and contractors. Subsequently, during January 17-18, detailed discussions were held with the project staff and functionaries of Nodal NGO (NNGO) on the implementation progress of the LA and R&R component and other components of the Social Management Plan (SMP) including HIV/AIDS and road safety. The details of the discussion and the agreements reached are presented below.

#### Land Acquisition (LA)

2. The project is continuing to show good progress in LA process and most of the land required for 1<sup>st</sup> year packages is reported to have been acquired and accordingly land losers are reported to have been compensated and LA for the 2<sup>nd</sup> Year Package has made a good beginning with 16 villages where section 7 is reported to have been completed.

3. For the 1<sup>st</sup> Year Packages, it was originally envisaged to involve LA in 155 villages. Taking into account the field level situation, it has been found that 3 villages in P 02 are found not to involve any LA and therefore will be dropped from the LA process. At the time of mission's visit, of the revised 152 villages requiring LA, it is reported to have completed in 140 villages and in 7 villages it is in advanced stage where section 7 is complete. The acquired land is reported to have been taken into possession by OWD for taking up works under the project (see Table 1 for details). The mission urged PMU to continue these efforts to ensure that all land required for the project is completed at the earliest. *It was agreed that LA in the remaining villages of the 1<sup>st</sup> Year packages would be completed by March 31, 2011.*

4. In the 2<sup>nd</sup> Year works, Jagatpur-Chandbali has 115 villages come within the corridor of which 15 villages have government land and therefore do not require going through LA process. In all the 100 villages requiring acquisition of private land, LA is reported to have been notified in under section 4(1) of which, 52 villages have been notified under section 6 of the LA Act. In 16 villages, the process of LA is in advanced stage with the completion of section 7 and is expected to be completed by April 30, 2011. The mission strongly suggested to implementation NGOs (INGOs) work closely with the land losers who receive compensation for its productive use. This would essentially involve providing information on alternatives available to land losers for the use of compensation received by them. Drawing lessons from the delays in LA in 1<sup>st</sup> Year Packages, the mission urged the Project to take adequate steps to ensure that more than 50% of the corridor is encumbrance free and all the land losers are compensated for their losses before the award of the contract.

**Table 1- LA progress under OSHP Packages**

Pack age No.	Stretch	Length (km)	LA Process (No. of villages)				Posses sion by OWD	Remarks
			District	Villages	Sec. 4 & 6 notified	LA u/s 7*		
<b>1<sup>st</sup> Year packages</b>								
P01	Bhawanipatna – Khariar (SH 16)	68	Kakalhan di	19	19	19	19	
			Bolangir	13+1*	13	13	12	
			Nuapada	9	9	9	9	
P02	Bhadrak-Chandbali (SH 9)	45	Bhadrak	48+2	48	48	45	



	Bhadrak-Anandpur (SH 53)	50	Bhadrak	18	18	18	17	
			Keonjhar	11+3*	11	11	10	3 villages will be dropped from LA
P03	Berhampur-Taptapani	41	Ganjam	31	29	29	28	Proposals for 2 villages revised
<b>Sub-total</b>		204	--	149+6*	146	146	133	
<b>2<sup>nd</sup> Year Package</b>								
P04	Jagatpur – Chandbali	63	Kendrapada	53	46	9	12	
		45	Cuttack	41	30	2	4	
		7	Bhadrak	6	4	--	--	
<b>Sub-total</b>		106	--	100	80	11	--	
<b>Total</b>		310	--	264+6* = 270	226	157	133	

\* Additional villages shown have been deleted from LA process

5. Compensation for private structures: During the last mission it was observed that where ever private land was involved, the same was compensated along with the compensation for structures there on and the compensating structures from public land found within RoW had not yet begun. At the time of mission's visit, the assessment of the extent of loss of unauthorized structures is reported to have been completed and payment of compensation due to them has begun. These PAFs are also being assisted in accordance with the R&R entitlement framework agreed for the project. *It was agreed that extending R&R assistance would be completed by end February 2011.* The mission urged the INGOs to work with these PAFs since most of them are poor and vulnerable and need continuous support and guidance.

6. Acquisition beyond 16 mtrs: As pointed out during the last mission, in P03 package the land was acquired for 26 mtrs as against 16 mtrs envisaged in built up sections in DPR and as agreed the project is extending R&R assistance to PAPs losing private land between 16-26 mtrs and those with no ownership of the land only such PAFs are disturbed who are found within 16 mtrs. The mission reiterated that INGOs and the Package staff continue their efforts to work with the local communities to remove any apprehensions about the approach being adopted for private land losers and others and their eligibilities.

7. Realignment and junction improvement: There are proposals to improve certain junctions (e.g. 0-2 km on SH 9 near Bhadrak town) which essentially involve major displacement of local inhabitants. For such any new alignment/junction improvement, the last mission had clarified on the need to undertake social impact assessment to identify impacts and the affected people, prepare RAP and submit it to the Bank for review and clearance. However, there has been no progress so far. The mission clarified that for any new alignment/junction improvement, no works would be undertaken unless RAP is prepared, affected people are compensated and they are provided support in accordance with the R&R entitlement agreed for the project. The disclosure policy would also be applied to such RAPs and this should be done well before starting the implementation process. The mission advised the PMU to check whether there is a need to approach RPDC for approval of the revised RAP (with increased number of PAFs). If approval is required, *it was agreed that PMU would send the updated RAP by March 31, 2011 so that it could be disclosed at Infoshop.*

8. Adjustment against depreciation: During the last mission, it was agreed that compensation for structures on private land would be paid without deducting depreciation and wherever deducted, the amount deducted would be paid together the R&R entitlements. However, the project has not yet started paying the deducted amount. *It was agreed that the project would ensure payment of the deducted against depreciation along with other R&R entitlements.*

9. Consent award: The mission was informed that the project is not able to push LA through mutual negotiation or ‘consent award’ approach since the guidelines developed to proceed with the ‘consent award’ are not yet placed in the Legislative Assembly for discussion and approval. The mission emphasized on OWD to follow up on this alternate approach to compensate losses since the normal LA process is not only cumbersome and time taking but it leads to a large number of cases referred to courts which affect the progress. On the other hand, the ‘consent award’ method not only ensures a fair and acceptable compensation but it accelerates the LA process. Also, this ensures transparency and results in minimizing any litigation.

10. While appreciating the efforts of the OWD, Revenue Department, District Administration (DA) in project districts, Package staff and NGO functionaries in completing LA and R&R measures, the mission urged to continue these efforts. At the same time, there is a need for OWD and PMU to continue close monitoring and follow up the progress on LA on regular basis with the Package staff. Similarly, monitoring by the Secretary (Revenue) with the (DA) on regular basis need to continue to ensure early completion of LA process and payment of compensation to the land losers.

### Resettlement and Rehabilitation (R&R)

11. Though extending R&R assistance has got unduly delayed but since the last mission in November 2010, it has reported significant implementation progress. Verification process of eligible project affected families (PAFs) for establishing their eligibilities for R&R entitlements for 1<sup>st</sup> milestone stretches is almost complete. So far, 308 families have been verified and R&R assistance (including compensation for unauthorized structures) has been extended to 266 eligible PAFs and 113 PAFs have got relocated (see Table 2 for details). *It was agreed that the R&R assistance to the remaining PAFs of 1<sup>st</sup> Milestone would be released in the joint accounts by end February 2011 and the relocation of all these families would be completed by March 31, 2011.*

**Table 2 – Extending R&R Assistance to Eligible PAFs**

Package	No. of PAFs eligible for R&R support		Bank draft issued to PAFs (No.)	No. of structures dismantled and PAFs relocated			
	Total as per RAP	Total for 1 <sup>st</sup> milestone		Commercial	Residence	Kiosk	Total
<b>P01 – Bhawanipatna – Khariar</b>	205	87	84	29	23	13	65
<b>P02 – Bhadrak – Chandbali</b>	1881	147	118	13	4	25	42
<b>P03 – Berhampur – Taptapani</b>	650	71	64	-	-	6	6
<b>Total</b>	2736	305	266	42	27	44	113

12. Relocation at Basantia: In P 02 at chainage 25.100 – 25.800, there is a local market (Basantia Bazaar) through which P02 road passes is planned to be widened and strengthened under the project. This would essentially involve relocation of 81 (including 24 non-RAP cases) PAFs, all from commercial structures. Since this market is located at the border of two (Keonjhar and Bhadrak) districts, the relocation process will involve two DAs. The mission before the field visit was informed that despite concerted efforts PAFs are reluctant to open joint (by the Package Manager and PAF) accounts in the Bank, wanted the money to be released in one-go through a cheque and in lieu construct a shopping complex for their relocation. The mission along with PMU officials had detailed discussion with the affected people at Basantia and explained them the process that the Project need to follow in extending the R&R assistance in accordance with the procedures laid out in RAP. Construction of a shopping complex is possible if PAFs could identify a suitable government land and submit their requests. At the

end of the meeting the affected people appear to give consent to the agreed process and accordingly might open Joint Accounts to deposit R&R assistance. The mission was informed that PMU was closely following up with Basantia affected community and DA and would help resolve the issue. In the meantime, the District Administration (Bhadrak and Keonjhar) have been requested by PMU to intervene in this issue.

13. New Claims for R&R support: As reported during the last mission, the Project has been receiving a number of new claims for the R&R assistance. These claims include potential PAFs covered in the census survey but not included in the Resettlement Plan, PAFs staying in the project area but not covered in the census survey and those who entered in the project area after the cut-off date. At the time of the missions' visit, the Project had identified 328 such claims (see Table 3) which have been scrutinized by a Joint Verification Committee and recommended 228 claims to the project (package) level Rehabilitation and Peripheral Development Advisory Committee to extend R&R assistance. *It was agreed that the project would ensure the final decision from the RPDAC be obtained by February 15, 2011 in case of P02 and by March 31, 2011 for P01 and P03.*

**Table 3 – Non-RAP cases identified, verified and recommended to RAPDAC**

Package	Identified	Verified and recommended to RPDAC
P01 – Bhawanipatna – Khariar	33	29
P02 – Bhadrak – Chandbali	136	128
P03 – Berhampur – Taptapani	159	71
<b>Total</b>	<b>328</b>	<b>228</b>

14. Partially affected private structures: The mission was informed that there are 265 (132 private and 133 encroacher) structures (see Table 4) which will be partially affected (losing less than 25% of structure and need no relocation). All the losses for private structures are reported to have been compensated. The mission suggested that adequate notices should be issued for dismantling the affected portion of the structures. Drawing lessons from the 1<sup>st</sup> year works, there is a need to have an implementation NGO (INGO) in place quite early on to ensure availability of encumbrance free stretches for undertaking required works. It was agreed that the Project would contract an INGO for Chandbali-Jagatpur package by April 31, 2011.

Package	No. of structures (<16 mtrs)			No. of structures (>16 mtr)			No. of structures		
	Private	Squatter	Total	Private	Squatter	Total	Private	Squatter	Total
P01 – Bhawanipatna - Khariar	-	20	20	2	-	2	2	20	22
P02 – Bhadrak - Chandbali	-	21	21	6	-	6	6	21	27
P03 – Berhampur - Taptapani	74	92	166	47	-	47	121	92	213
<b>Total</b>	<b>77</b>	<b>133</b>	<b>210</b>	<b>55</b>	<b>-</b>	<b>55</b>	<b>129</b>	<b>133</b>	<b>262</b>

15. Data base on land losers: As suggested during the last mission, monitoring and reporting formats have been finalized and the relevant data/information are being collected by INGOs on the progress in LA and implementation of R&R measures. However, the review of the data did not show the information on the number of land losers approaching the court for redressing their grievances with regard to LA. The mission reiterated that Nodal NGO (NNGO) needs to work with INGOs and update the data base and monitor it on regular basis for validity and consistency. The results of this data base should be used in

preparing monthly progress report. *It was agreed that PMU would prepare the monitoring reports prepared from this data base and include in the monthly progress report which is submitted to the Bank for review.*

16. In order to identify encumbrance free stretches, the mission advised to prepare chainage wise details identifying stretches where both LA and R&R have been completed and stretches where LA is complete. This will help to identify priority stretches where the INGOs can have focused working with the affected people and help them in their R&R process

17. **Relocation of common properties (CPR):** The mission was informed that the Project is taking the issue of removing and relocating CPR with relevant agencies at the district level. The mission was informed that guidelines have been given to Package Managers on the steps involved in the relocation of CPR. The mission emphasized successful relocation of CPRs would be achieved only when the local communities are consulted and are involved in the process.

18. **NGO for 2<sup>nd</sup> Year:** As reported in the earlier sections, the project has reported a good beginning in LA for 2<sup>nd</sup> Year package (Jagatpur-Chandbali) and it is in advanced stage with 12 villages notified under section 7 of LA Act. Drawing lessons from the implementation of 1<sup>st</sup> Year packages, the PMU needs to ensure that not only 50% of the required land is acquired, compensated, R&R entitlements extended to the eligible PAFs and encumbrance free land is available to undertake the proposed widening and strengthening works before awarding the contract for this 2<sup>nd</sup> Year Package. This would essentially require the PMU to select and contract an INGO for this Package and avoid delays that were encountered in the 1<sup>st</sup> Year Packages. It was agreed that the INGO for Jagatpur-Chandbali would be contracted by April 30, 2011.

19. **Nodal NGO (NNGO):** The mission had detailed discussion with the PMU on the performance of NNGO and type of assistance and help being received in monitoring the implementation of R&R component. These discussions were held in the light of non-receipt of any progress report from NNGO. PMU expressed dissatisfaction with the performance of the incumbent NNGO and is reported to be not getting the required support in monitoring and providing technical support and guidance to the INGOs in RAP implementation. The mission suggested PMU to continue working with the existing NNGO and monitor its working more intensively. This would involve agreeing for each month the activities that would be carried out by NNGO and follow up on their completion. The mission also pointed out that since an INGO would soon be selected for 2<sup>nd</sup> Year Package, PMU need to expand the scope of NNGO involvement to include the 2<sup>nd</sup> Year Package.

20. **Activities carried out by NGO:** INGOs at the Package are quite active and are working intensively and closely with the project affected people. Some of the preparation activities undertaken and completed include verification of PAFs, their categorization, establishing their R&R entitlements and finalizing their micro-plans. Presently, these INGOs are busy in the preparation and issuance of photo ID cards to PAFs, , finalizing relocation options, preparing displaced families for relocation, opening of joint accounts (between the Package Manager and the concerned PAF) and extending their R&R entitlements. During the field visits to each Package area, the mission observed that INGOs are spreading their limited number of functionaries to wider area. As a result, despite good progress in R&R, sufficient encumbrance free stretches are still unavailable for undertaking construction activities. In this context, the mission reiterated its earlier recommendation that INGOs need to identify and prioritize, in consultation with Package Managers, the stretches to complete extending R&R entitlements and thus ensure availability of encumbrance free stretches for continuity of physical works.

21. **Working with communities:** As advised during the last mission, it was observed during the field visits that INGOs have undertaken an information campaign in the project areas about its activities and

impacts, and the proposed R&R measures and are counseling PAPs in making right choices for their relocation, timing of relocation, alternate resettlement sites livelihood restoration, and ensure using compensation for useful purposes. While appreciating these efforts, the mission advised to keep this tempo as it is helping in making the affected people to appreciate the process and come to know about their R&R entitlements. This would also help INGOs in preparing ID cards, identification and finalization of alternate sites for their relocation, preparing relocation plan, identifying and assessing livelihood opportunities and accordingly make required arrangements and opening joint accounts for release of R&R benefits. Since the implementation is picked up, there is a need that the affected communities are explained about the grievance redress mechanism, the processes involved and help them in redressing their grievances.

22. **HIV/AIDS prevention:** PMU informed that IEC material obtained from OSACs were displayed by INGOs in camp sites and villages/ built-up areas of three road packages but during the field visit, the mission could see a few of them. The mission was informed that the Project and NGOs undertook a large number of HIV/AIDS awareness programmes on World AIDS Day (December 1, 2010) through organizing rallies and conducting meetings at the camp sites. During the field visits to the project sites, the mission observed some faint efforts to implement measures to prevent and contain HIV/AIDS. The mission strongly regretted that despite pointing out during the earlier missions the need to take up measures in camp sites to prevent spread of HIV/AIDS, no concrete measures have so far been taken up by contractors. The mission urged PMU and Package Managers to follow up with the contractors and ensure that adequate measures are undertaken to prevent HIV/AIDS in the project area. In this regard, INGOs and NNGO could help and facilitate in taking up required measures. It is essentially that the Orissa AIDS Control Society (OSAC), which agreed with the HIV/AIDS Plan of the project and to partner in its implementation. This would also require more intensive involvement of the District health agencies in the implementation process. The mission reiterated that Package staff and INGOs obtain the HIV/AIDS awareness material and exhibit them in the camp offices and prominent places within the corridor; and organize health awareness camps including HIV/AIDS. The mission also pointed out the need for INGOs to tie up with Targeted Intervention (TI) Partners of OSAC at the district level for any awareness camps and orientation for NGO staff and ensure referrals for HIV testing and treatment and treatment of opportunistic infections such as T.B. It was agreed that the PMU would continue to coordinate with OSAC for integrating their programs with OSRP activities.

23. **Road safety:** The INGOs are reported to have undertaken road safety awareness program through organizing school children cycle rallies. The mission advised that such awareness programs should not be one-time affair and should be taken at frequent intervals with different school children. The field visits clearly demonstrated that the contractors are not taking the required road safety measures and thus the local communities and road users are at risk. Even the basic caution signboards and warning for diversion are not provided in most places. The importance to road safety has been reiterated during all mission visits, yet there has been no follow-up. The mission reiterated its earlier recommendation that NGOs also observe road safety measures undertaken by the contractors in their respective packages and report any shortcomings in their monthly reports that are submitted to the Package Managers and PMU. They should also raise the road safety issues in any joint meetings organized by Package Managers.

24. **PPP Projects:** The mission was informed for the proposed widening and strengthening of Sambalpur-Rourkela corridor under PPP component (technical advisory) the DPR consultant is fixing up the RoW boundary stones which is helping in assessing the LA requirement and preparing land plan (LP) schedule for submission to the DA for acquisition of land and other properties that are likely to be impacted. The mission was also informed that the Consultant would address the comments on the draft RAP given by the Bank after the finalization of LP schedule.

*Covenant Compliance Table*

<b>S.No.</b>	<b>Covenant</b>	<b>Reference</b>	<b>Status</b>
1	The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall:  (a) carry out the Project through the OWD in accordance with the provisions of Article V of the General Conditions; and	ARTICLE II— PROJECT, Section 2.01 (a)	The current unsatisfactory status of all components; and non-action by GoO on timely resolution of various persistent implementation issues; extremely slow progress of civil works and; severe disbursement lags confirms that project is not being implemented with due diligence and efficiency by the project implemented entity.
2	maintain the State Level Empowered Committee, and ensure that the State Level Empowered Committee provides the overall direction and governance authority for the Project, and has the composition and powers sufficient to fulfill its functions under the Project;	SCHEDULE (Execution of the Project) Section I. - Institutional Arrangements and Project Undertakings  (A)	The SLEC meeting has not been convened since last 12 months to review the progress of project and provide strategic directions.
3	ensure that the OWD carries out a traffic census and a vehicle speed survey on the Core Road Network every two years, with content and in a format satisfactory to the Bank, and publishes the results on the OWD website, with the first report due by March 31, 2010;	SCHEDULE (Execution of the Project) Section I. - Institutional Arrangements and Project Undertakings  (F)	Sever delays in procurement of asset management consultant to carry out these surveys. The contract is still pending to be awarded.
4	ensure that the OWD carries out an annual roads condition survey of the Core Road Network, and provides a copy of the survey report to the Bank by March 31, with the first report due by March 31, 2010;	SCHEDULE (Execution of the Project) Section I. - Institutional Arrangements and Project Undertakings  (G)	Sever delays in procurement of asset management consultant to carry out these surveys. The contract is still pending to be awarded.
5	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 June 30, 2009, the second survey to be carried out and the report to be produced no later than June 30, 2011, and the third survey to be carried out and the report to be produced no later than June 30, 2013; (b) one value	SCHEDULE (Execution of the Project) Section I. - Institutional Arrangements and Project Undertakings  (H)	Consulting services are still not procured. Sever delays in procurement.

	engineering and quality review to be carried out and the report to be produced no later than June 30, 2010;		
6	by December 31, 2010, carry out the road sector institutional development study in accordance with terms of reference satisfactory to the Bank;	SCHEDULE (Execution of the Project) Section I. - Institutional Arrangements and Project Undertakings  (J)	Consulting services are still not procured. Sever delays in procurement.
7	Notwithstanding the requirement in Section II.A.1 of this Schedule, within 24 months of Loan Agreement effectiveness, the Project Implementing Entity shall carry out a comprehensive mid-term Project review, and shall by December 31, 2010, prepare and furnish to the Bank a mid-term Project progress report, satisfactory to the Bank.	Section II. Project Monitoring, Reporting, Evaluation  A. Project Reports  2	The MTR not undertaken due to current status of project.