

February 23, 2007

Mr. A. K. Tripathy, IAS
Chief Secretary
Government of Orissa
Secretariat
Bhubaneswar

Dear Mr. Tripathy:

***India: Proposed Orissa State Roads Project (P096023)
Preparation Mission, January 29-February 9, 2007***

I would like to thank the Government of Orissa (GOO) and the Orissa Works Department (OWD) for the kind cooperation and support extended to the World Bank mission that visited Orissa for the preparation of the proposed Orissa State Roads Project (OSRP). Attached for your information and perusal is the mission's finalized Aide Memoire (AM). I would like to take this opportunity to highlight some of the key issues raised in it.

Project Preparation Progress. We are pleased to note that the project preparation is on track and the progress is generally satisfactory. However, the mission also noted that the agreed project preparation timeline from the previous mission (Nov 2006) has not been met entirely, and that OWD has not started the processes of obtaining environmental regulatory clearances and land acquisition and clearance for construction. The prior actions related to the institutional development component of the project are also still lagging behind. These are critical actions required for project appraisal. Because of these delays, the timetable for project processing has been revised. It now stands as follows:

- Project Appraisal – May 2007
- Loan Negotiations – June/July 2007
- Loan Approval – October 2007

The key prior actions for project appraisal are summarized in Para 6 and Table 4 of the attached Aide Memoire. Completing these actions on time would prevent further slippage in project processing.

Project Cost and Financing. As noted in the Nov 2006 mission Aide Memoire and the Management Letter, the latest estimated cost for the proposed project is close to US\$400 million. In order to maintain the 80-20 percent cost sharing between the Bank and GOO, the loan size will have to increase to about US\$315 million, which is higher than the US\$250 million loan size previously agreed between the DEA and World Bank. Therefore, the GOO and GOI should decide at the earliest on whether to increase the loan amount and advise the Bank accordingly. Alternatively, GOO could increase its counterpart funding to maintain the current scope of the project. Either way, a decision on the loan amount and financing arrangement should be communicated to the Bank as early as possible and prior to the planned appraisal.

Staffing Arrangement for Project Implementation. As the project enters a critical phase of project preparation and moves towards implementation, it is essential to maintain a fully

staffed Project Management Unit. While some key staff have already been deployed to the PMU, the complete staffing plan agreed during the previous mission should be put in place before project appraisal to ensure smooth transition from preparation to implementation.

The creation of various cells in OWD to manage various activities, including PPPs, Road Asset Management, implementation of the Institutional Strengthening Action Plan, and Road Safety was discussed during the mission. These cells are part of the organizational modernization and strengthening of OWD and would need to be created and staffed by project appraisal.

Governance and Accountability Action Plan (GAAP). I am pleased to learn that the mission had a productive discussion with various GOO departments on the preparation of the GAAP. The GAAP will be an important feature of the project for enhanced disclosure of the project to comply with the Right to Information Act (RTI) 2005, and support Orissa's Anti-Corruption Action Plan. A draft GAAP is attached as Annex 4 of the Aide Memoire and is to be finalized by project appraisal. As discussed and agreed during the mission, prior to appraisal GOO should develop a disclosure strategy to fully comply with the RTI for the project, including appointment of a nodal officer for information collection and dissemination, establishment of a website for the project and disclosure of the agreed list of information, and engagement of a website designer to develop the website.

Finally, we look forward to completing the preparation and starting the implementation of this important project as early as possible. If you have any questions, please do not hesitate to contact us.

With regards,

Yours sincerely,



Faye S. Omar
Senior Manager, India Program
and Acting Country Director, India

Copy to:

Dr. R. N. Bahidar (IAS),
Development Commissioner & Agricultural Production Commissioner
Government of Orissa Secretariat, Bhubaneswar

Er. D.K. Dey,
Engineer-in-Chief-cum-Secretary, Works Department
Government of Orissa Secretariat, Bhubaneswar

Mr. Anuj Arora
Deputy Secretary, Department of Economic Affairs
Ministry of Finance, Government of India, New Delhi.

Cleared with: Guang Chen, Sector Manager, Transport, SASSD .

bcc: Messrs/Mmes: Kumar, Vualnam, Garg (EDS12); Kafka, Rana, Brusberg (SARSQ); Bernard, Crookes, Reja, Swaminathan, Chatterton, Hassan, Srivastava, Vyas, Kochar, Srinivas Dongol, Diaz (SASSD); Bajaj (SARPS); Mamak (SARFM); SASSD Sector Managers; India Coordinator; Orissa Team; India Transport Team, IRIS4.

INDIA
PROPOSED ORISSA STATE ROADS PROJECT (P096023)

PREPARATION MISSION
Jan 29- Feb 9, 2007

AIDE MEMOIRE

A. Introduction

1. A World Bank mission comprising Binyam Reja (Sr. Transport Economist/Task Team Leader, SASSD), A. K. Swaminathan (Sr. Transport Specialist, SASSD), Mohammad Hassan (Sr. Social Development Specialist, SASSD), Sanjay Srivastava (Sr. Environmental Specialist, SASSD), Neha Vyas (Environment Specialist/Consultant, SASSD), Manvinder Mammak (Sr. Financial Management Specialist, SARFM), Manmohan Singh Bajaj (Sr. Procurement Specialist, SASPR), Naseer Ahmed Rana (Adviser, SARSQ), Ernst Hunning (Consultant, Institutional Development), Shivendra Kumar (Consultant, Governance), and Gautam Bastain (Consultant, RTI) visited Delhi and Orissa from January 29-February 9, 2007 for the preparation mission of the proposed Orissa State Roads Project (OSRP).

2. The mission met with concerned officials of the Government of Orissa (GOO) and the Orissa Works Department (OWD), and worked closely with staff from the Project Management Unit (PMU) of the proposed OSRP. The mission also met with officials from the Department of Economic Affairs (DEA), Government of India (GOI). The list of people met during the mission is shown in Annex 1. The draft Aide Memoire (AM) was discussed with GOO officials in a wrap up meeting chaired by the Development Commissioner on Feb 7, 2007, as well as in a de-briefing meeting with DEA on Feb 9, 2007. The mission thanks the GOO, OWD and DEA for their kind cooperation and support during the mission.

B. Summary of Project Preparation Progress and Prior Actions for Appraisal

3. The mission notes that the project preparation is on track and the progress is good despite some delays in critical areas. The Feasibility Study for the project has been completed, and the Detailed Project Report and the Environment and Social Safeguard Documents for Year 1 roads are nearing completion. The preparation of bidding documents for Year 1 roads has started. An Institutional Strengthening Action Plan (ISAP) has been prepared, but would require significant revisions before it is finalized and endorsed by GOO. The preparation of the Governance and Accountability Action Plan (GAAP), which started during the last mission, has made good strides during the current one. However, the mission also notes that the agreed project preparation timeline from the previous mission (Nov 2006) have not been entirely met, OWD has not started the process of obtaining regulatory clearances and land acquisition, and the prior actions related to the institutional development component of the project are still lagging behind.

4. Based on the progress made thus far and projections for completing the remaining preparatory activities, the timetable for project processing has been once again revised. It now stands as follows:

- Project Appraisal – May 2007
- Loan Negotiations – June/July 2007
- Loan Approval – October 2007

5. Maintaining the above timeline and avoiding further slippages will require implementing the agreed prior actions for appraisal and negotiations listed below. It will also require close monitoring and support by GOO/OWD to facilitate inter-departmental decision-making, especially for land acquisition and environment and forestry clearances. If this timeline is maintained, the construction on the first year roads can start in the next season by late-Sept 2007.

6. **Prior Actions for Appraisal and Negotiations**

- (a) Decision on the loan amount and financing arrangement for the project by GOI/GOO. Currently, the agreed loan amount between the DEA and the Bank is US\$250 million. However, because the project cost has increased due to the higher than expected unit cost (total estimated project cost is about US\$400 million), the loan amount may need to increase to about US\$315 million to maintain 80-20 percent cost sharing between the Bank and GOO. Furthermore, GOO also requested whether the project could be financed under IBRD/IDA blend loan. GOO to write DEA requesting a new loan amount and consideration of a blend loan, and DEA to inform the Bank on the decision by early March 2007.
- (b) Final Draft Environmental and Social Safeguard Documents for first year roads submitted to the Bank by early-March 2007, and disclosed in English and Oriyan as per the World Bank Guidelines by early-March 2007.
- (c) Independent EA Review completed for Year 1 roads before project appraisal. OWD will need to hire the independent EA consultant as soon as possible (no later than early March 2007), and the independent review for Year 1 roads needs to be completed by mid-April 2007.
- (d) Land acquisition and resettlement plans completed; land acquired and people resettled for first year roads; Land to be made available for civil works for the first section(s) of the first phase, including land acquisition / pre-construction activities, utility shifting and tree cutting, for first year contracts completed by negotiations;
- (e) All required central and state government clearance pertaining to environment, forestry, wildlife, and pollution for first year roads obtained before project appraisal. Application submitted by mid-March 2007.

- (f) Completion of the engineering designs for the Year 1 roads (204 km), preparation of the bid documents (including the corresponding EMPs) and submitting for Bank clearance by early-March 2007. This would mean that the OWD would need to finalize its comments on the draft documents submitted. Bids for first year contracts invited and received prior to negotiations and award finalized prior to Board approval.
- (g) Since the contractors would be expected to mobilize for works by end-September 2007, the land for the road sections which will be handed over on signing of the contracts would need to be made completely encumbrance (LA, R&R and utility shifting, tree cutting) free by then. Encumbrance free land for about 40% of the contract lengths in stretches not less than 10km long should be made available by the OWD before the contractors mobilize.
- (h) Procurement plan for the next 18 months based on discussions with the mission and phasing of the project works and consultant services should be prepared and a draft sent to the Bank by early-March 2007.
- (i) Finalize contract award for PPP Transaction Adviser and Asset Management consultancy services by mid-March 2007 and early April-2007 respectively.
- (j) Issue RFP for key ISAP services. TOR for various ISAP services and their phasing during the project period were discussed during the mission. OWD needs to issue EOI for at least the 'first year' services by early-March 2007.
- (k) Finalization of the (GAAP) and its endorsement by GOO by appraisal.
- (l) Putting in place a disclosure strategy to fully implement the Right to Information Act 2005, including appointment of a nodal officer for information collection and dissemination (not below the rank of an Asst. Executive Engineer); establishment of a website for the project (e.g. www.osrp.in); and disclosure of agreed list of information on this website as agreed under the disclosure strategy both in English and Oriya. A website designer to be hired from the market by Mid-March 2007.
- (m) Staffing plan for project implementation completed by mid-April 2007. Additional persons for environment, social, engineering, and finance officers to be mobilized into the project team of the OWD to take care of the project implementation and preparation of second year roads. Stability of the staff within the project team is essential and the staff within the project team should be in place for at least 3 years to enable continuity during implementation.
- (n) Creation of various cells to manage various activities in the department including, PPP, Road Asset Management, ISAP Implementation, Road Safety and fully staffed by end-April 2007.

7. **Second Year Roads.** The preparatory activities for the second year roads are continuing with the current consultant. The mission reminded GOO that all preparatory

activities, including completion of land acquisition and environment and forestry regulatory clearances for all second-year roads would have to be done within the first 18 months of project implementation period. The completion of all preparatory activities for second year roads will be part of the Loan Covenant.

C. Project Components and Cost

8. **Project Components.** The mission and GOO further discussed and confirmed that the proposed OSRP will comprise two components: (a) Road Improvement Component, (b) Institutional Development Component. The Road Improvement component comprises two sub-components: *upgrading and widening of about 896km* through public sector financing and conventional contacting method; and *Public-Private Partnership (PPP)* scheme for upgrading and widening of about 229 km of highly trafficked roads. The Community Development Initiative previously identified as a separate component has now been included in the Road Improvement Component, and the activities envisaged under that component will be provided through the Resettlement and Rehabilitation and Indigenous People Development Plan for affected communities. This was done to simplify the project design, and because there is a Bank-financed project proposed to focus on Rural Livelihood in Orissa, which would have similar activities.

9. **Project Cost and Financing.** Table 1 provides the total project cost and the proposed financing arrangement. The total project cost is currently estimated at INR17286 million, which is higher than estimated during project preparation in September 2005. The increase is in part due to the higher than expected unit costs for road construction, and the additional Daspalla-Bhanjanagar link which was added during the Nov 2006 mission. The indicative loan amount agreed between the Bank and the Government of India Department of Economic Affairs (DEA) for OSRP is US\$250 million. However, the size of the loan may have to increase to \$315 million to cover the higher cost and maintain the 80-20 percent cost sharing between GOO and the Bank loan. GOO should discuss with DEA at the earliest the possibility of increasing the loan amount, and advise the Bank accordingly. Otherwise, GOO will need to provide additional counterpart funding if the loan size will remain at the current level.

Table 1 Preliminary Project Cost and Financing Arrangement

| Project Component | Preliminary Cost | WB Financing | GOO Financing | Preliminary Cost | WB Financing | GOO Financing |
|-----------------------------------------------------------|------------------|---------------|---------------|------------------|--------------|---------------|
| | INR Millions | | | USD Millions | | |
| Road Improvement Component | | | | | | |
| Upgrading sub-component (896 km), including R&R Component | 15,085 | 12,068 | 3,017 | 343 | 274 | 69 |
| PPP Sub-component (229 km) | TBD | TBD | TBD | TBD | TBD | TBD |
| Institutional Development Component | | | | | | |
| Price and Physical Contingencies (10%) | 450 | 360 | 90 | 10 | 8 | 2 |
| Unallocated | 1,508 | 1,207 | 302 | 34 | 27 | 7 |
| | 300 | 240 | 60 | 7 | 5 | 1 |
| Total | 17,343 | 13,874 | 3,469 | 394 | 315 | 79 |

10. **Fiscal Space.** Orissa's annual net borrowing (fiscal deficit) as well as its aggregate capital spending have, in recent years, been much below than its own targets as well as centrally prescribed limits. Orissa has met its Fiscal Responsibility & Budget Management Act targets well ahead of time. Orissa upper limit for capital spending is 3 percent of the GSDP, but in recent years, this has hovered around 2 percent. Fiscal space is therefore not a constraint, and the proposed loan size (including the increased amount) will fit in within this fiscal space. The project will also help Orissa move towards the goal of raising capital spending on budget towards 3 percent of GSDP. Furthermore, borrowing more under this project will not affect the aggregate debt burden, because Orissa is operating within prescribed ceilings.

11. **Road Upgrading and Widening Sub-component.** Table 2 provides the list of project roads, and the stretches to be taken up in the first year (Year 1 roads) under this subcomponent. The mission had detailed discussions on engineering and design issues with the OWD and the design consultant, and reviewed the alignment designs of Bhawanipatna-Khariar, Bhadrak-Anandpur and Bhadrak Chandbali road sections. Annex 2 provides detailed comments on the design and engineering aspects of the DPR.

12. During the site visit, the mission found that there are some capital works ongoing on the proposed project roads. The mission informed GOO that such works should not continue as the same road sections would be upgraded under the proposed project. Any proposed tendering on any project road section should be cancelled.

Table 2 List of Project Roads, Cost and Year-wise Contracts

| | Road Corridor | Total Km | Unit Cost (Rps Million) | Estimated Cost (Rps Million) | First Year Contract (km) | Second and Third Year Contracts (km) |
|----|------------------------------------------------------|-----------------|--------------------------------|-------------------------------------|---------------------------------|---------------------------------------------|
| C1 | Jagatpur-Kendrapara-Chandbali-Bhadrak | 151.6 | 18 | 2,728.80 | | |
| | Chanbali –Bahadrak (45-0) | | | | 45 | |
| | Jagatpur-Kedrapra-Chanbali (SH9A-0-99; SH9 52.6-45)) | | | | | 106.6 |
| C2 | Bhadrak-Anandpur-Karanjia-Jashipur | 137.1 | 18 | 2,467.80 | | |
| | Bahadrak-Anadpur (0/0-50) | | | | 50 | |
| | Adnandpur-Karnjia-Jashipur (51-57.6; 65-0; 0-14.5) | | | | | 87.1 |
| C3 | Berhampur-Bangi Jn-Rayagada | 201.6 | 16 | 3,225.60 | | |
| | Berhampur-Tataponi (0-41) | | | | 41 | |
| | Tataponi-Bangji-Jk Pur/Raygada (41-201.6) | | | | | 160.6 |
| C4 | Kaharia-Bhawnipatna-Muniguda-J.kPur/Rayagada | 205 | 16 | 3,280.00 | | |
| | Bananipatak-kariar (0-68) | | | | 68 | |
| | Bhawnipatran-Muniguda-Rayagada | | | | | 137 |
| C5 | Banarpal-Daspalla-Bhanjanagar-Aska | 201 | 16 | 3382.32 | | 201 |
| | | | | | | |
| | | 896.3 | | 15,084.52 | 204 | 692.3 |

13. **PPP Sub-component.** Table 3 provides the roads proposed to be taken under PPP scheme. These roads were selected based on a pre-feasibility study done in May 2005 and discussions with GOO. The Transaction Adviser to be hired under the project would undertake a full feasibility study, based on which GOO can make the decision to proceed with these roads as PPP. The Transaction Adviser will also assist GOO to obtain Viability Gap Funding (VGF) from GOI if required. Any additional contribution required above the GOI VGF to make the PPP scheme financially viable could be financed from the proposed OSRP.

Table 3: Roads Proposed under PPP Scheme

| Road | Length (km) | Proposed Improvement |
|-----------------|-------------|----------------------|
| SH-10 | 165 | 4-lanning |
| Joda-Bamberi | 18 | 7 meters with PS |
| Koira-Rajamunda | 46 | 7 meters with PS |
| Total | 226 | |

14. **Other PPP Schemes.** The mission learned that OWD/GOO is also sponsoring a number of PPP initiative for other roads in the state. While this is a good development, it is important that all PPP schemes in OWD should be closely coordinated so that the procedures for bidding and contract management are harmonized for all PPP roads regardless of their financing sources. In order to achieve this, the mission recommends that all PPP road schemes in OWD should be managed under the OWD PPP Cell to be headed by a senior Executive Engineer. OWD to confirm to the Bank the management arrangement for all PPP road schemes by early March 2007.

15. **Feasibility Study.** The consultant has completed the Feasibility Study for the proposed project roads and carried out economic evaluation of the project roads. The report has been finalized and cleared by OWD based on pervious comments by the Bank and OWD.

16. **Network Analysis.** The draft report prepared by the consultant was discussed during the mission, and based on the comments received from the OWD and the mission, the consultant will finalize the Network Analysis and submit to OWD by early-March 2007.

D. Social Impact Management and Safeguards

17. **Resettlement and Rehabilitation (R&R) Policy.** The mission was informed that the changes proposed in the State's R&R Policy Framework (May 2006) to address all categories of adverse impacts (particularly those who have no legal title to the public land on which they are dependent for their livelihood) due to the proposed project interventions have been sent to the Revenue Department (RD). The RD requested OWD to share the Social impact Assessment report of the project in order to decide on the proposed changes in the R&R policy. It was agreed that the RD will approve the

proposed additional R&R measures after receiving the social assessment report by early-March 2007.

18. ***Land Acquisition.*** The collection of cadastral maps and ‘record of rights’ (ROR) of the villages coming within the project road areas has been completed in almost 90 percent of villages (249 out of 275 villages) for Year 1 roads, and 75 percent villages (548 out of 739 villages) for Year 2 roads. The Revenue Department informed the mission that the cadastral maps and RORs for the remaining villages could be obtained from the Joint Director, Publications. The Revenue Department also informed that the computerization of land records for the project areas requiring LA could be taken up on priority basis. It was agreed that OWD would submit a proposal to the Revenue Department for updating land records, on priority basis, for areas requiring LA and to provide on-line access (to this data) to PMU/Executive Engineers to track progress of LA under the project and plan necessary measures to accelerate the process.

19. The mission was informed that the Land Plan (LP) schedules are under preparation and proposals for LA for Khariar-Bhawanipatna package have been sent to the District Collectors to process the LA. The PMU needs to follow up with the LA Officers for issuance of section 4(i) notification required under LA Act. It was agreed that the PMU would ensure issuance of section 4(i) notification for all Year 1 roads by end-March 2007 and that the process of LA would be completed by End-Sept 2007. In this regard, the Revenue Department assured the mission that it will assign full-time revenue officers for LA in districts where they are not in place yet. OWD will submit the list of project districts to RD to help mobilize, where ever required, revenue officers to take up LA for the project.

20. ***Resettlement Action Plan (RAP).*** For packages where designs have been finalized, land surveys (using revenue maps and detailed designs) and the preparation of RAP for Year 1 roads are in progress. The mission explained that the RAP would include details on relocation sites for displaced families, businesses and work places, as well as the design and cost of developing alternate resettlement sites. These sites could also be integrated with shopping complexes, truck parking places, bus stop cum shopping areas, etc. RAP will also include the cost of relocating religious structures. It was agreed that OWD would submit a draft RAP of Kharia-Bhawanipatna stretch to the Bank for review by early-March 2007 and for the remaining two roads under first year contracts by mid-March 2007. Discussion with the Revenue Department revealed that it is mandatory for OWD to get RAP approved by Rehabilitation & Periphery Development Advisory Committee before its implementation and it was agreed that OWD would comply with this requirement.

21. ***Stakeholders’ Consultation.*** District level consultations with the project stakeholders have been completed and well documented including the list of participants and issues raised. The results of these consultations are being incorporated in the project design and social management plans. The mission advised DPR consultants to go back to the affected communities to prepare RAP and also inform them about the project designs and R&R entitlement framework. These consultations will culminate at the state level stakeholders’ consultation workshop which is agreed to be organized by mid March 2007.

22. ***Indigenous People Development Plan (IPDP)***. The stakeholders' consultations provide good information, including their expectations from the project, to prepare strategies to help tribal communities and other vulnerable groups in the project areas to access project benefits. It was agreed that the IPDP for one of the packages would be prepared and submitted to the Bank for review by mid-March 2007.

23. ***HIV/AIDS***. Consultants have prepared a draft report on HIV/AIDS including the action plan. The plan is reported to have been prepared in close consultation with Orissa AIDS Control Society. Bank would review the report and give comments by early March 2007.

24. ***Institutional issues***. The mission welcomes the appointment of an Executive Engineer to oversee and coordinate all social aspects of the project. However, the Officer on Special Duty posted to PMU to look after LA does not have adequate supporting staff. The mission strongly feels that the lack of adequate manpower could delay the LA which might impact project implementation schedule. The mission reiterated its earlier recommendation to post at least two *tehsildars* to follow up on LA process and it was agreed that the two *tehsildars* and support staff would be in place by end-March 2007. The mission was informed that the PMU would re-advertise for the selection of a Social Management Specialist to support the PMU on reviewing the works of the consultant and assist in social safeguard supervision during implementation. It was agreed that the process of selection would be completed by mid-May 2007.

25. ***Involvement of NGOs***. The consultants have prepared TOR for engaging NGOs – one at each Package level and a nodal NGO at the project level. These NGOs will facilitate implementing social management plans (including RAP, IPDP and HIV/AIDS) and support implementing road safety measures. While the Package-level NGOs will be based in the field and will be responsible for implementing social management plans at the Package level, the nodal NGO at the project level to provide oversight of the work of the Package level NGOs, as well as provide necessary technical support in planning and implementing social management plans. It was agreed that both the nodal and package (for Year 1) levels NGOs would be contracted by end April 2007.

E. Environment Impact Management and Safeguards

26. ***Environmental Assessment Report***. The draft EA Report was submitted and discussed during the mission. The section on the baseline is complete, while the sections on impact assessment, analysis of alternatives and enhancement need to be further strengthened. The mission provided extensive comments on the draft EA, which should be reflected in the final EA and associated engineering reports. The mission reiterated the need to enhance the quality of the EA report and ensure timely delivery to avoid further delays in project preparation. It was agreed that a complete set of environment documents (including EA report; generic EMP and corridor specific EMPs) for Year 1 roads will be submitted by early-March 2007 to the Bank and for Year 2 roads the documents will be submitted to the Bank by mid-March 2007.

27. ***Biodiversity Management Study.*** A draft biodiversity management report was submitted in January 2007, which was reviewed during the mission. The report provides satisfactory baseline and assessment of impacts on biodiversity (along all road corridors). However, the report needs to be strengthened on mitigation and management plans by making it more location specific. In part should Some other suggestions provided by the mission include: (i) inclusion of site-specific photographs; (ii) addition of maps and sketches showing habitat connectivity and crossing site details; (iii) provision of a summary chart on key findings from the various primary surveys undertaken; (iv) provision of additional details and samples from the primary survey exercise as annexure; (v) addition of a section on supervision and monitoring requirements including inter-agency co-ordination and formats that would be used during implementation.

28. ***Preparation of EMPs.*** The mission reiterated its concern over the delay in completing the corridor-specific Environment Management Plans. The draft corridor specific EMPs for Year 1 roads will be made available to the World Bank by early-March 2007, while the first draft for Year 2 roads will be submitted to the Bank by end-March 2007.

29. ***Integration of EA/EMPs into Design and Contract Documents.*** The mission noted that some part of the findings from EA report have been considered by the design team. However, more specific modifications based on recommendations of EA need to be incorporated in the engineering drawings and bid documents. The sample bid document currently under preparation should include EMP. It was agreed that the OWD/PMU will closely review and ensure such integration is undertaken by the Consultant. The completion of this activity would match with the delivery schedule of design and contract documents.

30. ***Public Consultation and Participation.*** The mission noted that the district level consultation (in 13 districts) has been completed and a report has been shared with the mission for review. The consultation report indicates some concerns and priorities (such as on road safety, livelihood, borrow area management, protection of sacred trees and religious properties etc), which will need to be considered during the project preparation and implementation.

31. ***Regulatory Clearances.*** The mission met and discussed the regulatory requirements with the Forestry and Environment Department. The Principal Secretary appreciated the kind of attention given by the project to protect the environment, particularly the reserved forest and biodiversity. The Forestry Department has requested that verification of the adequacy of mitigation measures, particularly for road passing through reserved forests before submitting it for clearance. The Department also provided some suggestions on biodiversity management and on implementation and supervision arrangement during construction stage. The Secretary, Forest suggested that the project should obtain an in-principle clearance from the GOO for the projects. The applications for all required regulatory clearances for Year 1 corridors are being prepared and will be submitted by Mid-March 2007.

32. ***Institutional Arrangements.*** The mission was pleased to note that in addition to one full-time environmental specialist (Executive Engineer level) another assistant engineer has been deputed to provide support on environment management aspects. The OWD is also proposing to hire a retired Forest Official, who would assist the PMU in obtaining regulatory clearances; coordinating plantation related works and in supervising implementation of management measures/plan for biodiversity protection. The OWD/PMU has initiated the procurement process, which is likely to be complete by end-March 2007.

33. ***Capacity Building and Training.*** Following on the past specific environmental training which benefited a number of PMU staff, OWD is preparing a training plan. The mission suggested that the plan should outline specific areas, training institutions and resources that would be assigned to provide regular and structured capacity building for OWD/PMU staff. This plan would be reviewed during the project appraisal and will be a part of the EMP documents.

34. ***Independent EA Review.*** The mission had a discussion with OWD on recent government restriction to hire consultants till the end of Panchayat election (currently scheduled for Feb 21, 2007). However, OWD has now obtained GOO permission to invite expression of interest for Independent EA Review Consultants and is expected to complete the independent EA review (for year 1 roads) before appraisal.

35. ***Disclosure of Documents.*** The executive summary of the Final Environmental Screening Report has been translated into Oriya; disclosed at the State and local level; and uploaded on the GOO website. The mission reminded OWD/PMU that the EA, corridor specific EMPs and bio-diversity management report (including executive summary report in Oriya) are to be disclosed at public location including the state and district level public libraries and offices of the Information Officer before project appraisal.

36. ***Institutional Strengthening Action Plan (ISAP).*** The mission discussed the areas covering environmental aspects that can be included in the final ISAP. These may include environmental aspects in Road policy; Disclosure of Information; Standard Bid Documents and requirements for contractors to follow EMPs; Training and capacity building of OWD. The mission also recommended that the Steering committee formed for ISAP should include Principal Secretary (Forest and Environment) given the issues with forestry and bio-diversity resources.

F. Institutional Development Strategy and Components

37. ***Institutional Development Component.*** The mission, GOO and OWD have largely reached agreement on the Institutional Development Strategy (IDS) to be supported under the proposed OSRP. A draft ISAP has been developed by the OWD with consultant support, in consultation with senior GOO officials and stakeholders. The draft ISAP was reviewed during the mission, and will require some additional changes before it is finalized. In addition, the ISAP need more direct linkages with the

Governance and Accountability Action Plan (GAAP) also being prepared as part of this project.

38. The draft ISAP is aimed at strengthening four main fields: the Orissa road sector policy and planning framework, road financing and resource mobilization, OWD organizational strengthening in core process areas; human resources and capacity development for effective execution of infrastructure projects in Orissa.

39. ***Policy & Planning Framework.*** In this field, consistent with the concepts advanced during the last mission, the project is expected to support:

- (a) Preparation of a comprehensive Orissa roads master plan. Orissa has over 220,000 km of roads, which are managed by several road agencies, with very little sector-wide planning and coordination among each other. This arrangement has resulted in poor network integration, traffic circulation and services to road users. The road classification is outdated and mostly determined by administrative setup and financing sources. The state urgently needs a more integrated and planned road network to maximize the benefits of the large road sector investment currently being undertaken through various schemes. The proposed OSRP will support the preparation of a Road Master Plan, including an optimal re-classification of the road network and a management structure to effectively manage the sector;
- (b) Studies to modernize Orissa's administrative and management structure for the road sector, including feasibility/foundation studies for the establishment of an apex Roads Authority (for coordinating across all road agencies), and a Road Development Corporation (for developing and managing the state's core road network); and
- (c) Finalization by GOO of policy statements on Roads and Multi-Modal Transport. Orissa currently lacks a sector policy paper to guide the development of the transport sector in state. The proposed project will support the preparation of a multimodal transport policy, covering road and rail transport.

40. Together, these interventions will enable GOO to overcome significant weaknesses in the state's institutional arrangements and capacities for integrated and effective approaches in strategic planning and investment programming for the increasingly complex roads sector. In particular, the proposed Roads Authority would (once established) assume ongoing responsibility for state-wide roads master planning, for roads policy and standards, for oversight of sector capacities and performance. The proposed OSRP will finance consulting services comprising national and/or international expertise to assist GOO to comprehensively deal with each of these matters, progressively over the project term, building (where applicable) carefully on actions already underway in each case. It has been agreed that the preparation of a these tasks will be initiated in early during project period, and accordingly, the OWD should finalize EIO notices and draft TOR and issue the RFP before appraisal.

41. The OWD has also started to move on identification of roads comprising the state's **Core Road Network** (CRN), as recommended during the last mission. This will achieve a more effective focus on the development and maintenance of the (rationally-determined) most important roads in the state, some 5,000-8,000 km. The OWD has also requested GOO authorization of a separate CRN budget head. However, the OWD has yet to decide whether the CRN roads should be separated out and made the responsibility of a dedicated senior position in OWD. The timetable for completion of the OWD actions to operationalize the CRN is follows:

- OWD to identify and designate the CRN – April 2007.
- Budget for CRN assigned in the next GOO budget cycle.

42. **Road Financing & Resource Mobilisation** The mission and GOO have agreed that the proposed project will support a Roads Financing study, aimed particularly at (i) investigating the status of and outlook for roads financing in Orissa in the medium-to-longer term and (ii) identifying sustainable options and mechanisms (such as an advanced-model Road Fund) for the mobilization of adequate road maintenance funds (essentially from road user charges) to overcome the significant state-wide backlog and meet minimum future maintenance obligations. The Bank has already provided an indicative draft TOR for such a study to the OWD. It was agreed that the Study should be initiated in 2008 and on this basis; the OWD will finalize the procurement action for these services by early-2008.

43. **OWD Organizational Strengthening.** As the OWD will continue to be the principal GOO entity for its roads sector responsibilities, the IDS provides for significant enhancement of the OWD's organization and management capacity. Accordingly, the draft ISAP includes a wide range of measures addressing structural, managerial skills and capacity aspects of the OWD. Under the proposed OSRP, capacity building support for the OWD will primarily address the following areas.

- Training and skills development in OWD core functions
- IT-based Management Information System (MIS) and Monitoring & Evaluation
- Road Asset Management System (RAMS)
- Capacity to facilitate PPP and BOT for roads
- Improved procurement and contract management practices
- Financial Management

44. Procurement action on the RAMS task has already been initiated. As a high ISAP priority has been set for the other abovementioned areas, the OWD is now moving to finalize EOI notices and draft TOR for relevant consulting services, which shall be submitted to the Bank by early-March 2007.

45. **Construction Capacity for Road Infrastructure Needs in Orissa.** The technical, operational and management capacities of local contractors for road construction and/or maintenance in Orissa are considerably weak and hence are likely to be a serious constraint on the state's plans for development of road transport infrastructure. It has

been agreed that the project will support a review of Orissa's construction industry capacities and skills in core fields, using a Training Needs Assessment (TNA) derived methodology. The industry-based findings will be integrated with parallel TNA results for the OWD staffing body, to establish a holistic sector-based model of demands and priorities in road sector capacity development. The review will also consider the possibility of launching an Orissa 'Construction [skills] Academy' similar to those initiated in other India states. The task will then aim at developing sustainable options for dedicated training capacity for the needs of both the local road construction industry and the OWD. As project-funded consulting services will be required to support these tasks, and as they are an early priority in the ISAP timetable, the OWD is finalizing an EOI notice for Bank review by early-March 2007 and will submit draft TOR to the Bank by mid-March 2007.

46. ***ISAP Baseline Data Collection.*** During the proposed project at various intervals, it will be important to make a progressive assessment of the evidence of Institutional Strengthening impacts and results, linked to the ISAP implementation. To facilitate that, the mission has requested the OWD to take action to establish baseline data for the pre-project status in ISAP-related OWD functions and processes. The baseline data will have to be collected prior project appraisal, and the mission has shared possible indicators to be collected.

G. Road Safety

47. The mission held a series of meeting with various GOO departments, including the Departments of Works, Transport and Police. The mission also attended a special road safety meeting with the key OWD officials to discuss the road safety issues and possible ways the proposed project could assist in improving road safety in the state. A detailed mission note was prepared and handed over to GOO. The note includes indicative TORs and recommendations for getting a road safety action plan prepared in Orissa. The main elements of the action plan would comprise the following activities, which could be financed under the project:

- Road safety engineering training of OWD staff; and appointment of road safety specialist(s) for implementation of the Action Plan;
- Development and implementation of a road accident recording and analysis system;
- Preparation of a road safety awareness program, mainly directed initially to the project affected communities and road users along the OSRP project roads; and
- The preparation of a State Road Safety Policy and Action Plan.

H. Financial Management

48. Progress in the preparation of financial management arrangements for the proposed operation continues to be slow, hampered by the absence of dedicated finance person in the preparation team.

49. **Use of country systems approach.** It was agreed that the guiding principles for the financial management arrangements for the project would be to use the current fiduciary systems of the state. This arrangement would facilitate (a) the use of a single financial management and disbursement system, thus reducing the transaction costs of parallel systems; (b) enhance the government's own fiduciary systems, thus strengthening ownership, internal capacity and program sustainability; (c) encourage harmonization of donor fiduciary systems with the government systems; and (d) extend donor confidence about the proper use of funds to the whole sector program rather than just to the ring-fenced projects that each donor has financed.

50. During the mission, the following aspects of the financial management arrangements were discussed and next steps agreed:

51. **Budgeting.** The classification of accounts as prescribed by the Comptroller General of Accounts follows a standard six tier system and allows the Administrative Departments to propose opening of new sub-head/s, if required (Source: A Guide to the Orissa Budget Manual, March 2006). Building the main project components as sub heads into the budget classification will allow harmonization of the accounting and reporting processes for the project with the State's own systems, avoid parallel accounting and reporting for the project and thereby increase the levels of fiduciary assurance by providing reliable information of actual spends. With this objective, the following budget classification is proposed for the project:

| | | |
|---------------|------|---------------------------------------------------------------------------------------------------------|
| Sector/Sub | 07 | Transport |
| Major Head | 5054 | Capital Outlay on Roads & Bridges |
| Sub Major | 03 | State Highways |
| Minor Head | 337 | Road Works |
| Sub Head | XX11 | World Bank – Orissa State Roads Project – Road Improvement – Civil Works |
| | XX12 | World Bank – Orissa State Roads Project – Road Improvement – R&R Payments |
| | XX13 | World Bank – Orissa State Roads Project – Road Improvement – Land Acquisition & other ineligible expend |
| | XX14 | World Bank – Orissa State Roads Project – Road Improvement – Public Private Partnerships |
| | XX21 | World Bank – Orissa State Roads Project – Institutional Development Component |
| | XX31 | World Bank – Orissa State Roads Project – Road Improvement – IPDP |
| Detailed Head | | As required |
| Object Head | | As required |

52. **Action Point.** As a next step, it was agreed that OWD will submit a proposal to Finance Department for the opening of new subheads for the project in the budget for 2007-08. Given that the design of the financial management arrangements is premised on the ability of the State's Accounts to provide information on the above subheads, an

approval from the Finance Department to the new subheads for the project will be an appraisal requirement.

53. **Fund flow & Accounting.** The standard fund flow and accounting mechanisms at OWD will be followed to account for the project related expenditures. Fund flows follow the Letter of Credit (LC) mechanism, with the Finance Department providing monthly LCs as per OWD's fund requirements. OWD has proposed that Chief Accounts Officer (CAO) to be positioned at the PMU to be declared as the Drawing & Disbursing Officer (DDO) for the project.

54. OWD has proposed to centralize all project related payments (works and establishment) at the PMU level and will use the new technologies available by way of e-banking to make timely payments, on receipt of approved bills from the implementing divisions of OWD. As per the OWD standard procedure, summary monthly accounts (PWA Form No. 63) will be submitted to the AGs Office for compilation into monthly State Appropriation Reports.

55. **Pro-rata charges.** In order to ascertain the actual costs of capital plan projects, the Government of Orissa follows a standard accounting procedure of charging pro-rata charges of 16% in the budget outlays of all plan schemes. The mission clarified that the pro-rata charges would not be considered as eligible for Bank financing under the project.

56. **Action Point.** As a next step, OWD will obtain approval from the Finance Department for (a) designating the Chief Accounts Officer (CAO) as DDO for the project; (b) seek options for treatment of pro-rata charges.

57. **Financial reporting.** In the above design of budgeting and accounting, the information on project related expenditures by project components obtained from the existing monthly financial reports prepared for the AG's Office will be used for purposes of preparation of monthly/quarterly interim unaudited financial reports. Activity level details of the expenditures will be captured at the project level in a manner that will allow Project Management to monitor financial progress against the Annual Work Plans. For purposes of disbursement, the total expenditures reported will be discounting for ineligible expenditures, such as the pro-rata charges, land acquisition and utility shifting expenditures (as identified by a separate budget line). Projection of expenditures for the next two quarters will help determine the value of withdrawal application. The Interim Financial Reports will also include a list of payments against contracts that are subject to the Bank's prior approval. The form and contents of these reports will need to be agreed with the Bank by appraisal.

58. It was also agreed that the PMU will maintain a commitment/payments register centrally at the PMU, tracking all contracts (works, consultant services, goods, materials, other NGO services etc). This will provide the project with information required on pending payments and help track project progress. The form and content of the register along with the information flow mapping will need to be determined and agreed by appraisal.

59. ***Disbursements and Designated Account.*** Project funds will be deposited in advance into the designated account maintained in US dollars. The designated account will be operated by the CAA&A, GoI. Funds will be withdrawn from the designated account on the receipt of quarterly withdrawal applications from GOO and transferred to GOO following the standard Centre-State mechanism of Additional Central Assistance. Replenishments into the designated account will be based on interim unaudited financial reports and will be processed by CAA&A on a quarterly basis. The interim unaudited financial reports will provide information on expenditure made in the previous quarter and forecast for two subsequent quarters. Quarterly disbursements would be made based on these financial reports, providing funds for two subsequent quarters after adjustment for past disbursements.

60. While the above arrangements will apply to a bulk of work related expenditures, the fund flow, accounting and reporting arrangements for other components of Resettlement Action Plan (RAP), Community Development Initiatives (CDI) and Tribal Action Plans (TAP) etc., will need to be determined as the implementation arrangements of these project components are clarified.

61. ***Staffing.*** OWD has proposed two dedicated finance positions at the PMU – Chief Accounts Officer, to be designated as the DDO for the project and Divisional Accountant. These positions will be staffed with experienced persons from the State Accounts Cadre and the Divisional Accounts cadre on deployment basis. At the Division level, Divisional Accountants will be responsible for the finance related functions.

62. ***Auditing.*** The project annual financial statements will be audited and certified by the AG's Office and submitted to the Bank within six months of the close of each financial year. The TORs for the audit will need to be prepared and agreed with the Bank and C&AG's Office by negotiations.

63. ***Financial Management Manual.*** These arrangements will need to be documented in a simple Project Financial Management Manual (PFMM) and include the fund flow, accounting and reporting, disbursement and auditing arrangements for each of the project components and for the project as a whole, The manual will need to be prepared by project appraisal.

I. Procurement Aspects

64. ***Bidding Documents for First year Roads.*** The mission reviewed the status and expressed concern over the likely delay in preparation of the draft bidding documents by the consultant, considering its impact on the progress of preparation of the project. In order to clarify various contents and requirements of the Bank's SBD for ICB, the mission held a day-long detailed presentation on the preparation of bidding documents and clarified the various requirements to the PMU procurement staff and the consultant, who are presently working on preparation of the bidding documents.

65. In order that the process of preparation and review by the Bank is not unduly prolonged due to inadequately drafted documents, the mission suggested that the PMU

prepare a sample document and forward it to the Bank for review and comments by early-March 2007. The Bank will review and send comments and suggestions to improve the sample bid document, which the PMU would incorporate in the drafting of the bidding documents for first year contracts and send for Bank review by mid-March, 2007.

66. **Procurement Plan.** The draft Procurement Plan prepared by PMU and sent to the Bank on January 8, 2007 was discussed. Based on the discussions PMU will revise the Plan and send the same to the Bank for review and comments/ clearance by early-March 2007. In particular, the PMU will revise the Plan considering the following:

- a) The Procurement Plan will be prepared listing clearly the procurement action envisaged for the first 18 months of the project implementation, which will be reviewed and updated every 12 months during that phase.
- b) PMU will review the requirements pertaining to consultancy contracts and a separate plan shall be prepared for the consultancies in a similar manner as above.
- c) While reviewing the above, relevant method of procurement will be selected based on Bank Guidelines, as already available with PMU.
- d) PMU will ensure that the discrepancy between the lengths of proposed sections of roads are removed between the list of roads and the packages as mentioned in the plan.

67. **Procurement Capacity and Risk Assessment.** Mission reviewed the status of agreed actions for mitigation of procurement risk as identified per the Risk Assessment carried earlier. The status is reflected in the updated Action Plan shown in Annex 3.

68. **Status of e-Procurement.** The mission had a meeting with the Secretary (Rural Development/ IT) and had brief review of the current status of e-procurement. The mission noted there had been no significant progress in contract finalization for the installation of the software system to enable e-procurement for government departments. However, because e-procurement is part of GOO's efforts to improve procurement processes and enhance transparency, the project would use some elements of e-procurement to handle some stages of procurement, including (i) publication of invitation for bids; (ii) availability of bid documents on the web; and (iii) post contract monitoring until the full e-procurement system is available and has been reviewed by the Bank.

69. Basic steps required to establish an intermediate/ simplified e-procurement system include to handle the above aspects include:

- (i) Setting up a project website linked to the websites of GOO and OWD;
- (ii) Making this website well known and including it in all communications whether in electronic form or through letters/ media;
- (iii) Standardizing templates/ documents like GPN/ SPN/ IFBs/ RFPs, bid documents, bid opening, bid evaluation, contracts, contract modifications etc.
- (iv) Progressive development of databases like procurement database, complaints database, contractors' capacity and performance data, project data, and document management and information management systems.

70. Introduction of the intermediate e-procurement system would not only help the project achieve immediately some of the benefits, but would also improve its preparedness for implementation of the full fledged e-procurement system later.

71. **Procurement Packages for Consultancy Services.** There are several procurement packages to be procured by OWD during project preparation and implementation. The procurement of the first package for the Preparation Consultant (Package 1) under GOO financing has already been completed and the consultant has been fully engaged for the last several months in the preparation of Project roads. The mission discussed the status of the previously agreed procurement packages and identified new ones and agreed on timetable for their procurement.

72. Package 2 – **Project Management Consultancy (PMC)** for construction supervision of project roads. The mission discussed with the OWD staff the RFP document for the supervision consultant services and clarified the Bank’s comments which had been sent to them earlier. The OWD will now need to finalize the RFP based on its own internal requirements and the Bank’s comments. It should be ensured that the portions of the TOR which pertain to the powers and duties of the consultant as the “Engineer” should be completely consistent with the provision of the Works documents. The PMU will re-submit the RFP to the Bank by End-Fe 2007.

73. Package 3 –**Public Private Partnership (PPP) Transaction Advisor.** Bank no-objection for the Technical Evaluation Report (TER) was forwarded to OWD. The OWD aims to finalize the award of the contract by early-March 2007.

74. Package 4 –**Road Asset Management Consultancy.** The mission reviewed and shared its final comments on the RFP document for the Asset Management Services and it is now expected that the OWD will finalize the document and send across to the Bank for its final clearance.

75. Package 5 and 6 – **Social Development and Environment Advisors.** Local advisors to support the PMU during implementation and preparation of Year 2 roads will be required. OWD will issue a EOI and hire social and environmental advisors by project appraisal.

76. Package 7 – **Revision of PWD Codes & Manuals.** These consultancy services will support the OWD to update and modernize the main technical, financial and managerial standards, norms and guidelines governing work in the OWD. The PMU is finalizing TOR taking into account previous Bank comments and will submit the final proposed TOR to the Bank by early-March 2007. In the mean time, the PMU should go ahead and issue EOI for the consultant services.

77. Package 8 – **Roads Sector Capacity Development (Training Needs Assessment, HRD & HRM Services, Establishment of Construction Academy).** These services will assist the OWD in identifying the core training needs for OWD, developing training programs for each unit and skills area, undertaking some ISAP-based

re-organization and re-alignment, enhancing the staff performance review processes, supporting the GOO to establish a Construction Academy for training and skills development in all aspects of construction, for both private and public sector requirements in the state. The PMU will finalize an EOI notice for Bank review by early-March 2007 and then finalize draft TOR for Bank review by mid-March 2007.

78. **Package 9 – IT / ICT, MIS and Monitoring & Evaluation.** To achieve a functioning, comprehensive MIS-based Monitoring and Evaluation capability in the OWD, these consultancy services will review adequacy and timeliness of the IT / ICT tools and resources being proposed for OWD by the GOO, identify relevant ‘gaps’, determine the hardware and software requirements for an effective MIS capacity and for achievement of GAAP targets (including OWD-related website(s)), help OWD to develop such MIS tools, websites and to establish a fully-fledged M&E system. The technical requirements and specifications for a suitable FMS will also be identified and assistance will be provided for an FMS ‘piloting’ in OWD. As these services are linked to early ISAP targets, the OWD will finalize an EOI notice by early-March 2007 for Bank review and will finalize the draft TORs for Bank review by mid-March 2007.

79. **Package 10 – Preparation of Orissa Roads Master Plan** These services will support GOO in the preparation of a comprehensive state-wide roads master plan, which will facilitate integration of the planning for all categories of roads in the state to enhance GOO decision-making on roads infrastructure investment and management. As this activity is a relatively early ISAP target, action on the EOI notice and draft TOR will be finalized by the OWD and submitted for Bank review by mid-March 2007.

80. **Package 11 – Preparation of Road Safety Action Plan (etc.)** These services will give support to further, more strategic and extensive interventions in road safety in Orissa, building on the initiatives already taken by GOO. As the relevant ISAP targets are set beyond the project’s first year, the procurement actions for these services will be finalized by the OWD in early 2008, with a view to possible mobilization by end 2008.

81. **Package 12 – Roads Financing Study.** These consultancy services will review the road user charges mechanism in the state and develop institutional options to channel road user charges for road maintenance. The PMU is developing draft TOR for this study for Bank review by end-2007, with a view to mobilization of the study in mid-2008.

82. **Package 13 – Production of Transport Policies & Establishment of New Road Sector Entities.** These consultancy services will support the GOO in studies to determine the best options for proposed institutional innovations in Orissa’s roads sector, and provide assistance to GOO in the implementation of chosen options. As these services relate to an ‘intermediate priority’ ISAP target, it has been agreed that the PMU will finalize the EOI notice and draft TOR for Bank review by end-2007 with the aim of mobilization by mid-2008.

J. Governance and Accountability Action Plan

83. As agreed during the last mission (Nov. 2006), a Governance and Accountability Action Plan (GAAP) will be prepared to enhance transparency and accountability for the project. An action plan has been drafted based on enhanced disclosure of information complying with Right to Information Act 2005 (RTI) and actions agreed under the Orissa Anti-corruption Action Plan that are relevant to the Works Department. The complete draft action plan with timelines is included in an Annex 4. The main areas covered in the GAAP include the following:

- (i) Implement Right to Information Act
- (ii) Conduct studies and implement business process re-engineering
- (iii) Implement procurement reforms including e-procurement
- (iv) Strengthen preventive vigilance
- (v) Explore third party monitoring
- (vi) Develop monitoring indicators

84. By appraisal the following actions need to be completed:

- A time bound disclosure strategy to fully implement the letter and spirit of the Right to Information Act 2005.
- The appointment of a nodal officer for information collection and dissemination (not below the rank of an Asst. Executive Engineer).
- The establishment of a website for the project (e.g. www.osrp.in).
- The disclosure of agreed list of information on this website as agreed under the disclosure strategy.

85. ***Implementation of Right to Information Act (2005)***. India has recently passed the Right to Information Act (RTI), 2005 which became operational across India from October 12, 2005. It encourages *suo moto* disclosures and universal access to information wherever in the public interest. The Act requires that records be maintained and be available to the public. Compliance to the act is required for all public entities. For Bank financed projects, full compliance in letter and spirit to the act has the potential of enhancing transparency and accountability and reducing chances of corruption.

86. The mission discussed with GOO and OWD possible ways the proposed project could comply with RTI. Before project appraisal, the GOO will develop a disclosure policy of the project with a goal of allowing greater access to information, including disclosure of environment and social safeguard documents, audit reports and relevant selected information on the procurement process. The expectation is for the proposed project to besides complying with on-demand access to information, to fully comply with provisions on *suo moto* disclosure under section 4 of the RTI. During preparation, OWD needs to ensure that the agreed disclosure policy includes all relevant information required to be disclosed, agreed on systems and procedures, agreed on organizational arrangements including capacity building efforts, and monitoring mechanisms (including reporting) as part of the M&E for the project.

BOX 1: INFORMATION THAT IS REQUIRED TO BE PUBLISHED SUO MOTO UNDER SECTION 4 OF RTI

Section 4(b) publish within one hundred and twenty (120) days from the enactment of this Act,—

- (i) the particulars of its organization, functions and duties;
- (ii) the powers and duties of its officers and employees;
- (iii) the procedure followed in the decision making process, including channels of supervision and accountability;
- (iv) the norms set by it for the discharge of its functions;
- (v) the rules, regulations, instructions, manuals and records, held by it or under its control or used by its employees for discharging its functions;
- (vi) a statement of the categories of documents that are held by it or under its control;
- (vii) the particulars of any arrangement that exists for consultation with, or representation by, the members of the public in relation to the formulation of its policy or implementation thereof;
- (viii) a statement of the boards, councils, committees and other bodies consisting of two or more persons constituted as its part or for the purpose of its advice, and as to whether meetings of those boards, councils, committees and other bodies are open to the public, or the minutes of such meetings are accessible for public;
- (ix) a directory of its officers and employees;
- (x) the monthly remuneration received by each of its officers and employees, including the system of compensation as provided in its regulations;
- (xi) the budget allocated to each of its agency, indicating the particulars of all plans, proposed expenditures and reports on disbursements made;
- (xii) the manner of execution of subsidy programmes, including the amounts allocated and the details of beneficiaries of such programmes;
- (xiii) particulars of recipients of concessions, permits or modernization granted by it;
- (xiv) details in respect of the information, available to or held by it, reduced in an electronic form;
- (xv) the particulars of facilities available to citizens for obtaining information, including the working hours of a library or reading room, if maintained for public use;
- (xvi) the names, designations and other particulars of the Public Information Officers;
- (xvii) such other information as may be prescribed; and thereafter update these publications every year;

Section 4(c) publish all relevant facts while formulating important policies or announcing the decisions which affect public;

Section 4(d) provide reasons for its administrative or quasi-judicial decisions to affected persons.

87. **Project Timeline.** Table 4 below outlines the key actions to be completed before project appraisal and negotiations. Given the tight schedule, the mission encourages the OWD to maintain this timeline for undertaking the agreed actions.

Table 4 Key Actions Agreed until next preparation mission

| Tasks | Responsibilities | Target Date | Remarks |
|-------------------------------------------------------------------------------------------------|--------------------------|--------------------|------------------------------|
| Staffing | | | |
| Staffing Plan for project implementation and further preparation put in place | GOO/OWD | Early April 2007 | Appraisal Condition |
| Cells for PPP, Asset Management, ISAP Implementation, Road Safety established and fully staffed | GOO/OWD | End-April 2007 | |
| Steering Committee Meeting conducted | Development Commissioner | By-weekly | PMU to organize the meetings |

| Tasks | Responsibilities | Target Date | Remarks |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------|------------------------------------------------------------------------|
| Techno-economic Aspects | | | |
| Economic Feasibility Study completed | Consultant | Completed | |
| Network Analysis and Prioritization | Consultant | Draft submitted | Final Draft due early-March 2007 |
| Engineering designs for First Year Roads (204 km) completed and sample bid documents submitted to the Bank for review | Consultant/OWD | Early-March 2007 | Draft bid documents submitted and cleared by the Bank before appraisal |
| Bids for first year roads invited and submitted | OWD | June 2007 | Loan Negotiations Condition |
| Social Development Aspects | | | |
| Finalization of social assessment report | Consultant/PMU | Early-March 2007 | Appraisal Condition |
| Preparation of Land Plan schedules and initiate land acquisition process | PMU | End-March 2007 | Appraisal Condition/para. 12/13 |
| R&R Policy for the project agreed | Revenue Department/OWD | Early-March 2007 | Appraisal Condition/para. 16 |
| Finalization of stakeholders' consultations at the district and state levels | Consultant/PMU | Mid-March 2007 | District level consultation completed; state level remaining.. Para 20 |
| Preparation of HIV/AIDS Action Plan | Consultant/PMU | Draft Submitted | Appraisal Condition/para 22 |
| Hiring of NGOs for planning and implementing of the social component | PMU | End-April 2007 | Appraisal Condition/para 19 |
| Environment Impact Management | | | |
| Submit Regulatory clearances application for First-Year roads | PMU/Consultant | Mid-March 2007 | Loan Negotiation Condition/Para 31 |
| Submission of Final EA Report for First-Year roads | Consultant/PMU | Early-March 2007 | Appraisal Condition/para 23 |
| Submission of final Biodiversity Report | Consultant | Early-March 2007 | Appraisal Condition/para 24 |
| Submission of final corridor specific EMP reports for First-Year roads | Consultant | Early-March 007 | Appraisal Condition/para 23 |
| District and State level Consultation-cum-Disclosure Workshops | Consultant/PMU | Completed | Appraisal Condition/ |
| Submission of EA and EMP reports for Second-Year roads | Consultant/PMU | Mid-March 2007 | |
| Submission of Final Independent EA Review Report | Consultant/PMU | By mid-April 2007 | Appraisal Condition/ |
| Institutional Development Strategy | | | |
| Conduct Second ISAP Workshop and in principle endorsement by GOO | GOO | Completed | |

| Tasks | Responsibilities | Target Date | Remarks |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------|------------------------------------------------------------|
| Complete draft Institutional Strengthening Action Plan (ISAP) | PMU/ISAP Facilitator | Draft submitted | Short version of the ISAP to be prepared by mid-March 2007 |
| Finalize draft TORs and EOIs for various technical assistance and advisory service inputs for ISAP implementation | PMU | Early-March 2007 | |
| ISAP endorsed by GOO | GOO | May 2007 | Negotiation condition |
| Procurement Processing | | | |
| Submit draft RFP for Project Management Consultant for first year roads to the Bank | PMU | Draft RFP sent to the Bank in January, 2007- Under review | Appraisal condition/ |
| Finalize a contract award for the PPP Transaction Adviser services | PMU | Mid-March 2007 | |
| Issue RFP to short listed firms for Asset Management System consultancy | PMU | Corrigendum under review with Bank; award Early April 2007 | |
| Procurement Plan for first 18 months of work prepared | PMU | Early-March 2007 | |
| Financial Management | | | |
| Development and agreement on the form and contents of Interim Financial Reports (IFRs), including the formats for internal reporting from the spending units to the PMU | PMU | By Appraisal | |
| Agreement with the Finance Department on opening of project related sub heads in the budget | PMU with State Finance Department | By Appraisal | |
| Agreement on the form and content of the commitment and payment tracking register at PMU | PMU | By Appraisal | |
| Positioning of Chief Accounts Officer and Divisional Accountant at the PMU | PMU | By Appraisal | |
| Determination of fiduciary arrangements for the RAP, CDI, TAP components of the project | PMU | By Appraisal | |
| Preparation of Project Financial Management Manual (PFMM), documenting the above arrangements | PMU | By Appraisal | |
| Agreement on the project | PMU | By Appraisal | |

| Tasks | Responsibilities | Target Date | Remarks |
|----------------------------------------------------------------------------|-------------------------|--------------------|----------------------------------------------------------------------------------|
| auditing arrangements and agreement on the audit TORs with the AG's office | | | |
| Project Preparation and Approval Processing | | | |
| Decision on the size of the loan | GOO/DEA | Early-March 2007 | GOO to inform DEA immediately on the proposed increase in loan amount |
| Appraisal Mission | World Bank | May 2007 | Appraisal Conditions to be met prior to appraisal mission |
| Loan Negotiations | WB/GOI/GOO | June/July 2007 | Negotiations conditions to be met prior to WB issuing invitation for negotiation |
| Loan Approval | World Bank | October 2007 | |

List of Annexes:

1. Key Officials met
2. Technical Discussion Note
3. Governance and Accountability Action Plan Discussion Note

Annex 1**Officials Met During Mission**

1. Sri A. U. Singh Deo, Honorable Minister, Works & Housing
2. Sri A. K. Tripathy (IAS), Chief Secretary & Chief Development Commissioner
3. Sri. D. N. Padhi (IAS), Chief Information Commissioner
4. Dr. R. N. Bahidar (IAS), Development Commissioner –cum-Addl. Chief Secretary
5. Sri R.N. Senapati (IAS), Principal Secretary, Finance
6. Sri S. P. Nanda (IAS), Principal Secretary, Forest & Environment
7. Sri P. Patnaik (IAS), Principal Secretary, Commerce & Transport
8. Sri G.V.V.Sharma (IAS) , Commissioner-cum-Secretary, Revenue & Disaster Management
9. Sri. S. N. Tripathy (IAS), Commissioner-cum-Secretary, Information Technology
10. Er. D.K. Dey, E.I.C-cum-Secretary to the Government Works Department
11. Dr. R. V. Singh (IFS), Special secretary Planning & Coordination Department
12. Sri N. Chandra, (IAS), Special Secretary, General Administration
13. Sri Amitav Thakur (IPS), Superintendent of Police, Khurda District.
14. Mr. V. Murabari Reddy, Ex-EIC, Andhra Pradesh & ISAP Facilitator
15. Er. N. K. Pradhan, EIC(Civil) I/C & Chief Engineer (DPI&Roads)
16. Er. J.M. Nayak, Chief Engineer, World Bank project, Orissa
17. Sri Akrura Sahu, Financial Advisor-cum-Joint Secretary, OWD
18. Sri G. C. Paul, Addl. Director –cum-Joint Secretary, Planning & Co-Ordination
19. Mr. Anuj Arora, Deputy Secretary, Department of Economic Affairs, MOF
20. Sri C. R. Satpathy, Deputy Director, Planning & Co-Ordination
21. Sri S. K. Mohapatra, Addl. Commissioner Transport
22. Mr. Senapati, Regional Transport Officer, Bhubaneswar
23. Mr. Sukesh Gupta and Key Consultant Team, M/s C.E.G. Ltd.. Preparation Consultant for Project Roads
24. Sri S. N. Ahmed (OAS), Land Revenue Officer, PIU, OWD
25. Er. P. K. Gauda, Executive Engineer, PIU, OWD
26. Er. M. R. Mishra, Executive Engineer, PIU, OWD
27. Er. A. K. Ray, Executive Engineer, PIU, OWD
28. Dr. N. C. Pal, Executive Engineer, PIU, OWD
29. Er S. Hota, Assistant Engineer, PIU, OWD
30. Mr. S.N. Das, Sr DAO, PIU, OWD
31. DPR Consultant Team

Annex 2**Technical Discussion Note**

1. **Design and Engineering Issues:** The mission had detailed discussions with the OWD and the design consultant to review the finalised alignment designs of Bhawanipatna-Khariar, Bhadrak-Anandpur and Bhadrak Chandbali road sections. During the site visit to Bhadrak-Anandpur and Chandbali-Bhadrak road sections, the mission discussed the need for more balancing culverts. In case of the culvert outlets opening into a private property or agricultural lands, the option of using lined drain/chutes to transport the water or distribute them longitudinally should be done. This will prevent the adverse impacts of such large culvert opening on one person and the benefit will get distributed. In the first two km of Bhadrak–Anandpur section, it was agreed that a rural section of 12m width will be provided (i.e 10m of paved road + including paved shoulders and 3m of gravel shoulders on either side) between the tree lines. If this cannot be accommodated due to the road safety/geometrical requirements, the trees will cut. Footpaths and other appurtenances can be provided beyond the tree line. Also, the option of a service road on the drain on the right side of road can be considered in a later phase, if land can be acquired by OWD. Similarly, within Bhadrak about half a km of road connecting the Chandbali-Bhadrak road with the new NH needs to be developed and widened to act as a bypass to Bhadrak. It was noted through sample review that Bank’s comments and recommendations made in the previous missions have been incorporated to a large extent.
2. For the first year sections the road pavements have been designed for 20 years. The mission was advised that the specifications have been revised to ensure consistency among the design/drawings, Bill of Quantities and the Specifications. During a quick review the mission advised that it was best to avoid duplication of clauses of the Specifications and the Conditions of Contract. The Project specific technical specifications should be generic and avoid references to brand names to the extent possible. It may also be a good idea to include as part of the Scope of Work or in the Technical Specifications, a couple of paragraphs indicating sequencing of works especially before taking up of sections within built-up areas. The contractor would need to ensure that works pertaining to moving or enhancing of community assets (water pumps, wells, taps, toilets, religious structures, improvements to schools and hospitals within 25 m of the proposed centre line of the road etc.) which are within his scope will be completed before the main road works in any built-up section commence. The OWD and the consultant should also ensure that there is clear referencing between the EMP and the main technical specifications wherever there commonalities to avoid duplication and confusion.
3. The mission also visited the second year road sections of Jagatpur-Chandbali and Anandpur-Karanjia-Jashipur. The latter road passes through the buffer zone of sensitive biosphere for about 28km. It was agreed that realignments to the extent possible will be done within the existing ROW with the raising of the road done

- only where essential. One particular curve on a steep gradient will need land acquisition on the forest side which needs to be kept to the minimum by providing “exceptional” gradient as per the IRC code. Appropriate engineering measures to provide for wildlife crossing could be taken up, the options being animal underpasses or road section with much easier slopes like 1V: 4H, appropriate and as required. It was noted that the consultant has basically tried to follow the agreed guidelines for designs and right of way as discussed during the last mission in July, 2006. In this road section section, the possibility of a bypass at Thakur Munda should be seriously examined especially keeping in mind the local congestion and sentiments. In the Jagatpur-Chandbali section it was agreed that the requirement of a bypass at Pattamundai will be re-examined in comparison to the existing road through the city with only slight modifications to the alignment at certain bottlenecks.
4. The mission also reviewed the designs and drawings for the second year roads (Taptapani-Bangi-JK Pur-Rayagada), especially of the critical sections. The mission requested the consultant and the OWD engineers to look into the possibilities of trying out variations based on increasing the gradients in hilly stretches up to the maximum allowable as per the codes of practice and for the specified length so as to minimise the forest land acquisition as well as ensure safe and smooth movement of traffic. The consultant had made an attempt to balance the cut and fill sections. However, there is still some scope to improve upon this and should be attempted to the extent possible. This is being re-emphasised because most of the second year roads are in hilly stretches and debris disposal will be a major problem during execution.
 5. Some generic comments of the Bank mission on the technical aspects of the designs are (i) raising the road substantially in built-up areas may cause inconvenience to the public due to drainage and accessibility problems. Raising the road in built up areas should be avoided to the extent possible and in no case more than 300-500 mm based on site conditions; (ii) providing noise mitigation and roads safety measures in case of sensitive zones through appropriate cost effective measures. These could include hospital/healthcare and school buildings; (iii) incorporating appropriate debris disposal plan to comply with environmental requirements after proper consideration of overall material requirements and recycling of usable material from excavations; (iv) reviewing the need for providing footpaths on new bridges/ROBs or adding a footbridge or a footpath to an existing bridge with lot of pedestrian movements; and (v) ensuring good drainage in urban areas especially from the side of the utility corridor into the side-drains.
 6. Road widening will have implications on shifting of underground utilities like OFC. This needs to be assessed. **OWD would also need to ensure that no permission is given to utility organizations to lay new utilities on the project roads without consulting and approval to the CE (OSRP) or new road construction activities are taken up in the 900 km of roads identified to be taken up under the project.**

7. **Costing and specifications:** Based on discussion and comments of the Bank during the last mission, the team was briefed that the cost /km for the road has reduced. It may probably make more sense for the consultant to compute the rates of input resources based on extrapolation to March 2007 (through appropriate robust assumptions) after discussions with OWD. Appropriate values of contingencies (usually physical 5% and price contingency of 5%) need to be factored in as well as more accurate values for R&R, LA and EMP works (based on actuals instead of percentages). The mission also reiterated the OWD to get the specifications reviewed by an experienced person to ensure consistency between designs and specifications as well avoid confusion in the implementation stages.

Annex 3

Procurement Capacity Assessment Action Plan

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Generated: 02/02/2007 | | |
| Status/ Revision 2 | | |
| Action | Due | Status/ Completed |
| Agree on appropriate dispute resolution provisions for contracts (at least for Bank financed ones, note that it is mandatory for ICB). | 01/15/2007 | Bank's SBDs/ Model documents for ICB and NCB will be used, which provides for this. Completed |
| Agree on list of unacceptable NCB issues and on removal from documents to be used for Bank financed procurement. | 01/15/2007 | Same as above. Conditions agreed to already. |
| Arrange for training on procurement planning. | 12/31/2006 | This is being implemented and details of the staff that has undergone such training shall be provided to the Bank. Also a detailed list of training scheduled for the next year will be prepared and provided for information of the Bank. |
| Build a system for the agency to implement or for future project. | 12/31/2008 | This is being carried out under ISAP. Not yet due. |
| Develop and implement permanent training program for the staff in procurement operations. | 06/30/2007 | Under preparation. |
| Develop or improve and implement complaint management system. | 06/30/2007 | Being separately taken care of under GAAP, which is at the stage of discussions and finalization |
| Ensure "planners" have access to loan/ credit agreements. | 08/31/2007 | Under preparation. Will be due when Loan Agreements are under finalization and Implementation phase sets in. Due date modified |
| Establish complaints review process by approving authority. | 06/30/2007 | Same as above. Refer remarks against Complaint management System. Due date modified accordingly |
| Hire consultants temporarily to match technical skills requirements. | 06/30/2007 | Being carried out as part of ISAP |
| Include preparation or revision of manual as an early activity in project cycle. | 06/30/2007 | Being prepared. Due date modified. For the purposes of this project, Bank procedures and Bidding Documents will be followed. |
| Increase implementing agency's capacity | 12/31/2007 | Being considered under ISAP |
| Intense supervision. | | To be built in to the Loan Documents |
| Involve technical staff and users in preparation of specifications. | 09/30/2006 | completed |
| Prepare acceptable sample bidding documents. | 12/31/2006 | Bank's SBDs/ Model documents for ICB and NCB will be used. Completed. |

Annex 4**Governance and Accountability Action Plan for OSRP**

1. The Government of Orissa developed a comprehensive anti-corruption action plan in 2005. This action plan covers a number of areas including establishing better information management systems to facilitate the implementation of the Right to Information Act (RTI), business process re-engineering to support better accountability and transparency, procurement reform, and, the strengthening of preventive vigilance. These actions are envisaged to be piloted under four departments that includes PWD. A summary of the Orissa anticorruption action plan is given in Box 1.

Box 1: Orissa's Anti Corruption Action Plan

Orissa is the first state in India to articulate a comprehensive medium anti-corruption action plan. The Action Plan is divided along three broad categories; i.e. reforms that support better institutional transparency and accountability particularly by developing better systems and procedures that prevent corruption; reforms that support better enforcement and that serve as a deterrent to corruption; and processes that can generate better public awareness necessary to underpin both prevention and enforcement and make changes sustainable. While the strategy envisages a major expansion of enforcement machinery both across the state and within departments through the establishment of internal vigilance units and new special courts to try corruption offences it also recognizes that merely strengthening enforcement will not solve the problems of corruption and that accountability relationships need to be examined at different levels of government. Thus it also focuses on management reforms that will ensure better transparency and accountability in service delivery. This includes systemic reforms in procurement and business process re-engineering in areas where corruption is recognized to be a problem and where citizen- government interaction is intense. Equally important it aims at strengthening citizen "voice" through reforms in program implementation that aims to empower communities through providing information about their service delivery rights which will enable them to hold service providers accountable.

2. RTI became operational in October 2005 with the objective of enhancing transparency and accountability and reducing chances of corruption. RTI requires systems for both on demand information and *suo moto* disclosure of information. As the *suo moto* disclosure becomes more responsive to demand for information, the need for on-demand information will reduce. Implementation of RTI requires development of a disclosure policy, automated systems for record and document management, and information handling. It requires appointment of staff, their training, programs for citizens' awareness, and annual progress reporting. Details of RTI implementation requirements included in the act were discussed. A separate note on RTI implementation is currently being prepared and will be forwarded to GOO.
3. The GAAP essentially includes implementation of RTI and the actions agreed under the Orissa Anticorruption Action Plan that are relevant to PWD. Implementation arrangements will be planned under the projects with agreed completion targets. A summary of actions required is given below:
 - Implementation of RTI to increase transparency and accountability (Annex 1)

- To comply with RTI agree on a **disclosure policy** of the project during preparation with the intention of allowing greater access to information, including disclosure of mid-term review reports, safeguards information, audit reports and selected information on the entire procurement process (Annex 2)
- Develop **systems and procedures** to implement the disclosure policy including document management system and information management system
- Develop **organizational arrangements** and **capacity building** plan
- Plan **reporting and monitoring** arrangements to monitor implementation of the disclosure policy
- Business process re-engineering to support better accountability and transparency (para 4)
- Procurement reform including e-procurement (included in ISAP)
- Strengthening of preventive vigilance (paras 5 and 6)
 - Appointment of a full time Chief Vigilance Officer (CVO) in the Department of Works with adequate technical , secretariat and systems support
 - On-line complaints handling system under the CVO
 - Dealing with delays in departmental proceedings
- Third party monitoring (para 7)
- Develop monitoring indicators for compliance to the above agreements and for impact on outcomes. (para 8)
 - Disclosure of information indicators (Annex 3)
 - Complaint handling system indicators
 - Perception surveys
 - Database of prices comparing within the project and outside
 - Benchmarking of indicators like lead times, extent of bid responses, actual cost variations over budget estimates

4. **Business Process Re-engineering – Analysis of Corruption Prone Processes in the Department:** The anti- corruption strategy emphasizes the importance of simplification, rationalization and standardization of business processes in Departments and commits government to systematically analyze and reform processes that are vulnerable to corruption. While the Department of Works has already begun a process of simplification and rationalization of systems, codes and manuals, a comprehensive analysis of corruption prone processes would be taken forward in the Department of Works. This would be done by the Vigilance Department in close collaboration with the Works Department through funds provided by the Orissa Modernizing Government Initiative. The recommendations of the study will be provided to the Works Department for necessary action and be placed before the Orissa Modernizing Government Steering Committee.

5. **Appointment of a full time Chief Vigilance Officer (CVO) in the Department of Works with adequate technical, secretariat and systems support.**

- a. The appointment of a full time CVO in the Works department is a critical step in focusing the anti – corruption function at the Department level. An officer has

already been appointed as a CVO but holds additional charge. Works Department has written to the Finance Department to sanction a full time post to this officer and sanction is awaited.

- b. It was further agreed that the CVO would be provided by a team of technical specialists comprising of both domain experts as well as auditors. The Special Secretary, Administrative Reforms has suggested that a legal specialist be part of the team.
- c. It was agreed that an automated complaints handling mechanism would be set up in the office of the Chief Vigilance Officer. Such mechanisms already exist in projects in Orissa and neighboring states. A consultant would be appointed to design such a mechanism in consultation with the Orissa Modernizing Government Initiative functioning out of the office of the Special Secretary Administrative Reforms.

Box 2: Complaints handling mechanisms

An effective complaints handling mechanism with an assurance of protection of whistle blowers is necessary for any serious efforts in fighting corruption. The key issues that must be borne in mind while establishing a complaints handling mechanism are given below:

- Filing a complaint: The entry point into a complaint handling system, and the subsequent journey that a complaint takes toward resolution can be unclear to those seeking to access such a system. Clarity regarding any complaint handling system is important.
- Criteria for acceptance: Information that must be supplied in order for a complaint to be taken up must be clear.
- Investigating the complaint: Skills and capacity that are needed for timely and efficient handling of complaints.
- Corrective Action: Who decides on the corrective action?
- Reporting Issues: Provisions need to be made on how information on a complaint is reported back to persons filing the complaints.
- Easy and wider access, through, inter alia, telephone 'hotline', a dedicated email address and PO Box to facilitate submission of complaints.
- Clearly defined responsibilities and procedures. There should be no conflict of interest.
- A "*complaints monitoring system*" database** to monitor adherence to the standards agreed. This database would be online with restricted access.
- Periodic review of the effectiveness of the complaints handling system, particularly provisions for follow-up investigations for serious and unresolved complaints by internal auditors, and/or third party audit to ensure independency and reliability of the system.
- System for listing and discussing all complaints received and actions taken in the monthly report.
- An agreed standard protocol with appropriate triggers for carrying out investigation by appropriate agencies including actions to be taken.
- Professional system of handling complaints to ensure that actions are not taken against innocent people.
- Adequate reporting and dissemination mechanisms for releasing information.
- Strict confidentiality of the sources.

** The data base should specifically allow: (i) complete and adequate record keeping and retrieval of all complaints; (ii) complaints received, responses sent and actions taken by dates; (iii) monitor response time and compare against an agreed response standard, and (iv) publish a monthly, quarterly and an annual report based on an agreed format.

6. **Dealing with delays in departmental proceedings: Review of Pending Departmental enquiries:** The anti –corruption action plan has recommended that Review Committees will be set up to oversee the status of pending departmental proceedings. These committees are expected to review cases and agree on ways to dispose them efficiently. This will be of tremendous value in reducing backlog and also send a strong message about the efficiency of the administrative mechanisms that enforce integrity within government. There are currently 202 cases pending in the Department of Works. It was agreed that this was an important issue and that a committee would be set up comprising of representatives of the Works Department, the General Administration Department and Vigilance Department. The Convener of the committee would be the Chief Vigilance Officer. The committee would examine each individual case and agree on the required action. Further, and in order to sustain progress made in this area, a system would be established so that time bound reports from enquiry officers would be made available and periodic reviews conducted by the Secretary, Works. Summary reports would be sent to the GA department on a periodic basis.
7. **Third Part Monitoring:** It was agreed that the Public Affairs Centre, Bangalore would be invited to make a presentation on Community Monitoring of road projects. Based on this, the department may consider whether this could be an additional tool for ensuring better monitoring and increased transparency.
8. **Monitoring indicators for compliance to the above agreements and for impact on outcomes.** Monitoring mechanism for implementation and results will include the following:
 - Implementation of RTI: (a) Quarterly reports on the format of annual reports, and (b) monitoring the index for disclosure of information like the duty to publish index (DTP).
 - The complaints handling system and the system of sanctions and remedies will be supervised mainly through (a) periodic review of statistics based on records kept on the website of OSRP and (b) field level checks to ensure that problems are being reported, tracked and acted upon.
 - Corruption Perception Surveys carried out once in two years
 - Maintain a database on unit prices and review of unit prices within the project and outside the project as a result of the various actions taken under the project for increasing transparency and competitiveness.
 - Benchmarking for indicators like lead times from the time of bidding to the signing of contracts, extent of responses against ITBs, adequacy of estimates through review of actual costs *vis á vis* estimated costs etc.

9. Summary of Action Plan Matrix

| Action To Be Taken | Time Line | Responsibility | Remarks |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Implementation of Right to Information Act, 2005 (RTI) | | | |
| i. Agree on a disclosure policy | April, 2007 | PD/OSRP | |
| ii. Develop systems and procedures to implement RTI | August, 2007 and continue | PMU | |
| iii. Develop organizational arrangements | April, 2007 | PMU | Appellate Authority, PIO/ APIO appointed. An officer (AE) to be exclusively assigned for implementation of various provisions under GAAP |
| iv. Conduct training for RTI staff | April, 2007 | PMU | Training in suitable institutes like Centre for Good Governance, Hyderabad |
| v. Plan reporting and monitoring arrangements | April, 2007 | PMU | |
| vi. Disclosure of information indicators | September, 2007 | PMU | |
| 2. Business process re-engineering to support better accountability and transparency | | | |
| i. Simplification and rationalization of systems – PWD code, procurement manual etc | December, 2007 | PMU | TOR for hiring consultant agreed with the Bank |
| ii. Comprehensive analysis of corruption prone processes under Orissa Modernizing Government Initiative (OMGI) | December, 2007 | Office of Special Secretary, General Administration Dept. | OWD is associated in the committee for carrying out the analysis. A sub-committee will review the works department processes |
| iii. Review & implementation of OMGI recommendations | December, 2008 | OWD/ PMU | |
| 3. Improving procurement practices in the works department | | | |
| i. Implementation of a simplified e-procurement system covering electronic publication of invitation for bids, availability of bid documents & publication of contract award | April, 2007 | PMU | On project website |
| ii. Development of standard templates & uploading on project website | April, 2007 | PMU | |
| iii. Development of databases for contracts, contractors, prices, specifications etc and document management and management information systems | December, 2007 | PMU | |
| iv. Independent quality and quantity checks | Start with the first contract | PMU | Construction supervision consultant may carry out these checks |
| v. Independent financial, technical & commercial audits | Every year | Accountant General, CVO & consultants | Audit by vigilance refers to preventive vigilance |
| vi. Maintenance of asset registers | March, 2008 | PMU | Computerized registers |
| vii. Benchmarking of indicators like procurement lead times, extent | Starting mid 2008 | PMU | |

| | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------|
| of bid responses, contract performance etc. | | | |
| 4. Strengthening preventive vigilance | | | |
| i. Appointment of fulltime CVO | March, 2007 | OWD | OWD already has a part time CVO and proposal for a full time CVO is under consideration |
| ii. Setting up of an on-line complaint handling system in vigilance department which will direct the complaints for redressal/ investigation to PMU based on nature of complaint | December, 2007 | GOO/CVO | |
| iii. In the interim i.e. before the online system – referred to in (ii) above is made available, development of a simple complaint handling system for registering, tracking and monitoring of complaints. | May, 2007 – to switch over to GOO system (ii above) when available | PMU/ PIO | The interim system may be a manual system. However, a simple computerized system would be preferable |
| iv. Review of pending departmental proceedings (cases) | June, 2007 | GOO/CVO | GOO has decided to appoint a committee for the purpose |
| v. Establishment of a time bound system for departmental proceedings | June, 2007 | GOO/CVO | |
| 5. Third party monitoring | | | |
| i. Presentation by Public Affairs Centre, Bangalore | April, 2007 | PMU | |
| ii. Decision on introduction of third party monitoring | July, 2007 | PMU | |
| 6. Development of monitoring indicators for compliance to agreements and for impact on outcome | | | |
| i. Perception surveys | At start, at mid-point & towards end of the project | PMU | |
| ii. Database of prices within the project and outside | Starting mid 2008 | PMU | |
| iii. Efficiency of public expenditure – Expenditure Tracking System | September, 2007 | OWD | |
| 7. Increasing competition and mitigating collusion | | | |
| i. Finalizing contract sizes and qualification criteria based on market information | Start with the first contract | PMU | |
| ii. Business briefings for bidders | As required | PMU | For better bidder participation, encouraging use of institutes like National Academy of Construction, Hyderabad. |
| iii. Disseminating details of the process for disqualification of bidders who engage in misrepresentation/ fraudulent/ corrupt practices | April, 2007 | PMU | |
| 8. Financial Management | | | |
| i. Project financing plans | Before project start and quarterly thereafter | PMU | |

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|-----------------------------------------------------------------|-------------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | |
| ii. Budgetary allocation | Yearly | PMU | |
| iii. Expenditure statements | Quarterly | PMU | |
| iv. Review of the central payment system for work related bills | March, 2008 | PMU | Benchmarking for timely payment as all work related bills from the different Divisions are proposed to be forwarded to PMU for checking & processing of payment |