

## India: Proposed Orissa State Roads Project

### Mission Note March 20-22,2006

1. A World Bank mission comprising Messrs M Bajaj (Procurement Specialist), Ernst Huning (Institutional Specialist) and A K Swaminathan (Transport Specialist) visited Bhubenswar from March 20-22, 2006. The mission had discussions with the Secretary, Chief Engineers and other key officers of the OWD. The mission also met with Director, IT Department, GOO. The mission had detailed discussions with the consultant engaged by OWD for preparation of the Phase 1 feasibility and detailed engineering. This note details out, in brief, the discussions held and the agreements reached with the OWD during the meetings.

### Technical Aspects

2. **List of First Year Roads and timeline for further project processing.** During the mission it was agreed that the OWD will send to Bank for its review and endorsement by mid-April the list of first year roads based on (i) the economic confirmation report; (ii) social and environmental screening report. These reports are all due by March 31, 2006 and will be enclosed by OWD. As per the current status of work, it appears that the consultant will be submitting the detailed designs and environmental and social reports by June 15, 2006. Based on OWD and Bank comments to be sent to the consultants by mid-July, 2006 the consultants will finalise the bid documents by mid-August, 2006 so that bids can be invited by early September. Based on such progress it appears that appraisal can tentatively happen only around Aug-Sep, 2006.

3. The mission advised that the first year upgrading contracts can be in two or three packages and will need to be bid out as ICB contracts with post-qualification. It appears that Berhampur - J K Pur Road (198 km) and Chandbali-Jashipur Road (195 km) will probably qualify as the first year road sections. There can be one supervision consultant to supervise the first year works contracts for which the EOI will need to be invited by mid-May 2006. The aim is to mobilize the supervision consultant one month ahead of the contractor to enable him to review the documents and complete site verification. The mission advised the OWD to finalize the draft TOR for such supervision services as soon as possible and send to Bank for review.

4. **Short listing for Asset Management and PPP Transaction Advisor Consultant.** Based on the previous aide memoire (October 2005), the mission advised the procurement process to proceed as planned for the Asset Management System Development and PPP Transaction Advisory consultant services. The mission reminded OWD to send the recommended short list of consultants for for the Asset Management and PPP Transaction Advisor services by mid April 2006. A PPP-focused WB mission will visit Orissa during early May 2006 to finalize the RFP for the PPP Transaction Advisor.

5. **Performance-based Contracts Workshop.** In order to better understand the Long Term Performance Based contracts, the OWD informed that two of their key officers would be attending the workshop being held in Bangalore by the Bank's expert. Mission also advised the OWD to simultaneously look at the Karnataka's Road Maintenance Management system to have a better idea of the same. The mission was also very happy to note that the Chief Engineer (Roads) is making use of a basic spreadsheet and GIS system to prioritise the overall maintenance needs of State roads.

6. **Reporting Arrangement for Consultant Outputs.** The mission advised the consultant that all its reports should be routed through the OWD to avoid reporting confusion, and only forward copies to the Bank once the reports have been cleared by OWD. This is because the contract is between OWD and the consultant, and the responsibility for monitoring and verifying whether the outputs are as per the TOR lies with OWD engineers. The Bank will only check to see whether the outputs satisfy the quality and other procedural requirements for further Bank support. Mission also advised the consultant and the OWD officers to adopt a more cooperative approach during the preparation of the Phase-1.

7. The OWD were advised to provide the information requested by the consultant in a timely manner, such as – (i) pavement treatment history as per their letter of January 6, 2006; and (ii) authenticated ROW details signed off by the revenue or concerned EEs. In order for the consultant to progress in a satisfactory manner the OWD would need to ensure timely payments being made to the consultants. The consultant should also ensure timely presence of appropriate key persons in Orissa. Also, quality of inventory and other surveys should be improved to avoid discrepancies as pointed out by OWD during the site verification.

8. The project also needs a social development specialist and environment specialist to be posted as soon as possible. The mission had also advised the same during its previous visit. The mission expressed concern that this has got delayed and advised the OWD to look at the options of advertising for these posts immediately. A WB mission focused on social and environmental issues will be fielded in late April 2006 to review progress on the preparation of safeguard documents.

### **Institutional Aspects**

9. The mission reviewed a preliminary ISAP draft prepared by the ISAP Facilitator (although the draft was withdrawn later by the Facilitator). Overall, the mission noted the following regarding the preparation of the ISAP:

- (a) The draft ISAP was taking a too-detailed, overly itemised approach, which is tending to obscure the more strategic reform elements, and more strategic grouping and packaging of individual IS targets is required.
- (b) The draft is mainly focusing on desirable inputs for the measures that OWD wishes to initiate, and requires much more focus on 'hard' outputs and sectoral outcomes.
- (c) While the next stage of the ISAP preparations will be an OWD-convened Workshop in mid-April, the present pace of ISAP action between the consultant and the OWD will need to accelerate (particularly the outputs planned from OWD working groups) to ensure that an acceptable 'agreed draft ISAP' can be ready by the (latest) timing for possible project appraisal of August 2006
- (d) As the presently proposed contents of the draft ISAP are mainly centred on OWD in a rather inwards looking approach, additional provision needs to be explicitly made in the forthcoming Workshop and subsequent work between the consultant and the ISAP-Task Force (OWD) for external stakeholder inputs and responses to the evolving contents of the draft ISAP.

10. Given the continuous retirements and turnover in senior OWD staff during the next 12 months, the IS preparations will also lack a senior-level champion to provide the strategic leadership and vision

inputs needed beyond the more operational-level focus of the ISAP-Task Force, the PIU and the consultant. To prevent this management weakness for IS purposes, it was agreed that the OWD Secretary and his team of CEs should by the next full Bank mission (i) identify a senior officer responsible for IS (at CE or SE) level who has at least 2-3 years of service left before normal retirement and is prepared to volunteer for this IS role, and (ii) prepare proposals for creation of an IS cell within the OWD organization, to be established by project effectiveness and headed by the selected senior officer responsible for IS.

11. The mission suggested that the OWD should request the consultant (Mr Reddy) to ensure he is definitely available for the ISAP preparations for a more sustained period following the Workshop, with the aim of a competent draft ISAP being completed for GOO / Bank consideration by mid-July.

### ***Orissa Bridge and Construction Corporation***

12. Since the last mission, the GOO has apparently made no further decisions about the issues affecting the OBCC, including the more operational ones raised in the mid-2005 NPC study. However, under a new MD (ex-OWD), the senior OBCC staff have continued to make minor incremental improvements internally in the Corporation, following the approach taken by the previous MD. Accordingly there has been no progress on the fundamental business constraints facing the OBCC, and no further consideration of the Bank's previous suggestion of a strategic review of OBCC to provide a basis for substantive decisions and action. This however led to the useful recognition by that the Department itself had not in recent years directly addressed its purposes for the OBCC and the ramifications thereof, despite being the responsible 'nodal agency' for the OBCC. The mission and the OWD therefore finally agreed that:

- (a) The OWD senior management would move quickly to convene a CE-level committee charged with developing an OWD position on the Department's expectations of OBCC, the outlook for achieving these and the range of measures needed to enable this (pending other GOO decisions)
- (b) This output would be considered between the OWD and the next Bank mission, prior to OWD action to submit appropriate elements to GOO
- (c) At that time, if the GOO climate is still not conducive to GOO decision-making on the key factors and issues constraining the OBCC, then the OSRP-based focus on the possible reform and revitalization of the OBCC would be downscaled and the main OSRP focus would instead return to developing a project-assisted strategy for sector-wide strengthening of the construction industry in Orissa.

### **Procurement Aspects**

13. The mission had detailed discussions with the officials of the Orissa Works Department and its project implementation cell in respect of the procurement pertaining to the proposed project. The mission explained to the various officials the need for preparation of a Procurement Plan in the formats provided to them. The plan would show the details of all procurement envisaged for the first 18 months of the project implementation and would be subject to updating the same annually during the reviews by

the Bank's supervision missions. The mission also clarified that the plan should cover the procurement of goods, works and services separately from the consultancy services proposed to be covered under the project. It also advised that the plan should cover the procurement action scheduled for all Phase I roads and all procurement process (bidding documents, evaluation or contract execution). The OWD will prepare and send the Procurement to the Bank for its review and comments by mid April, 2006.

14. The mission noted that the OWD was in the process of revising the codes, specifications for works and the standard bidding documents and a high powered committee was assigned this task. The mission suggested that the various committees working on agenda for revisions in the codes and bidding documents may benefit from the Bank's Standard Bidding Documents, which are available on the Bank's website. The mission also suggested that there would be a need to expedite the completion of task. The mission found acceptable, the suggestion of the OWD that in order to carry out the task in a professional manner services of experts in these areas be obtained, as it would help expediting the process, given the time constraints of the members of the committees OWD will send its proposal for engaging experts for this task for review by the Bank, for the possibility of its funding under the PPF, if so proposed by the OWD.

15. Mission advised OWD that preparation of the draft bidding documents/ draft RFPs for the various packages for which details are available should be started immediately and provided for Bank's review as it was the Bank's requirement to have the first year documents ready by Appraisal, per agreed project readiness filters, which will be communicated to them. It was agreed that work on preparation of these documents will start immediately and documents will be prepared as per standard bidding documents of the Bank.

16. In respect of the procurement capacity assessment of the OWD and/ or its project implementation unit, to be undertaken by the Bank, the mission again reminded that updated information as per the questionnaire given during earlier missions of the Bank was still awaited and the details together with documents supporting the same should be provided to the Bank. The mission also requested that OWD provides to the bank, the details of the existing procurement arrangements within the OWD and delegation and approval powers within the set-up along with any applicable directives/ GOs as being currently followed in the procurement process. OWD agreed to provide the details by mid April, 2006.

### ***E-procurement***

17. GoO provided the current status of their e-procurement initiatives. The mission noted that as per the present thinking of the GoO, the earlier consultant namely NISG, who had been engaged to conduct a study to clarify the current IT status of the Government; assessment of various business models of e-procurement (Government Owned and Operated; PPP; and hybrid); and to prepare the plan to further develop e-procurement capability in Orissa, are no longer contemplated to carry out the implementation of this program. GoO has now decided to implement the e-procurement model developed by NIC, who would now provide all the support to the GoO in this respect.

18. The Government had established the E-Procurement Committee which comprises of the Secretaries of Water Resources, Panchayati Raj, General Administration, Works, Information Technology, and Rural Development. The nodal agency of this committee is the Department of IT.

19. Although the current nodal agency for the E-Procurement Committee is the Department of IT, the mission recommended that the process should be coordinated by the nodal agency, which could be the proposed procurement cell or the OWD, who have a major component of state's spending towards procurement of works. The Department of IT can provide additional technical support as and when needed. The mission also suggested that the Government plans ahead to conduct workshops with participation by suppliers/vendors to identify the needs and demand for the e-procurement initiative as well as address the Institutional Capacity, Policy, Legislation, Regulations, IT Infrastructure and Systems perspective of the various institutions in government as also the private sectors to assess their readiness for the pilot. Both the Secretary (Works) and Director (IT), who participated in discussions with the mission agreed with this suggestion. The Government also requested the World Bank for assistance in planning and implementing the e-procurement initiative through knowledge sharing and funding.

20. It is therefore imperative that the GoO, while embarking on its initiative will clearly identify which agency shall take the lead in the pilot implementation. The mission advised the GoO that for any e-procurement module to be acceptable to the Bank for procurement under projects funded by it, the Bank has to ensure that the system complies with the MDB e-GP requirements, which can be forwarded to the GoO for its study and implementation.

### **Key Project Preparation Dates**

<b>Activity/Output</b>	<b>Target Date</b>	<b>Responsibility</b>
Economic Confirmation report	31-Mar-06	Consultant
Social and environmental Screening report	31-Mar-06	Consultant
List of First Year Roads sent to the Bank	15-Apr-06	OWD
Short List of Consultants for Asset Management and PPP Transaction Advisor Services sent to the Bank for clearance	15-Apr-06	OWD
ISAP Workshop	15-Apr-06	ISAP Facilitator
Procurement Plan for Phase 1 Roads	15-Apr-06	
Procurement Assessment Questionnaire	15-Apr-06	
WB Social and Environmental Mission	30-Apr-06	WB
TOR and Draft EOI for Supervision Consultant	30-Apr-06	
WB PPP Mission	01-May-06	WB
Issue EOI for Supervision Consultant Phase 1 Roads	15-May-06	OWD
OWD Reform Proposal for OBCC	15-May-06	
Detailed Economic Feasibility Study for Phase 1 Roads	15-Jun-06	Consultant
Detailed Engineering Design, Environment and Social Safeguard Documents for First Year Roads	15-Jun-06	Consultant
WB Full Project Preparation Mission	30-Jun-06	WB
WB Appraisal Mission	15-Aug-06	
Bid documents finalized and bids invited	15-Sep-06	Consultant/OWD
Loan Negotiations	15-Oct-06	WB and GOI/GOO
Loan Approval	30-Nov-06	WB

