

June 11, 2007

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

Dear Mr. Tripathy:

***India: Proposed Orissa State Roads Project (P096023)
Pre-Appraisal Mission May 18 - 25, 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 pre-appraisal 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. I am encouraged to note that project preparation is progressing well and that the project is close to being ready for appraisal subject to the completion of some critical prior actions listed in Para 4 of the attached AM. Depending on how fast GOO completes these actions, we expect to field an appraisal mission to Orissa in August 2007. The completion of these critical actions, which are consistent with the readiness filter agreed between DEA and the Bank, are designed to ensure that the project would be physically ready for implementation by the time of its consideration by the World Bank Board. In the mean time, the mission has discussed with OWD that once the bidding documents for first year contracts have been reviewed and cleared by the Bank, OWD could go ahead and initiate the bidding process for the first year contracts by issuing Invitation for Bids.

Project Cost and Financing Arrangement. I note that GOO's State-level Project Monitoring Committee has approved the cost estimate from the last mission, and that the GOO is in the process of requesting DEA for a higher loan amount than the US\$250 million loan originally earmarked. The latest project cost currently stands at about US\$ 460 million. The GOO and the Government of India (GOI) need to make a decision on the desired level of Bank loan and GOO counterpart funding to implement the project as currently designed. The decision on the loan amount and counterpart funding level should take into account Orissa's fiscal space to borrow, and its ability to allocate sufficient counterpart fund during the project implementation period. A quick review of Orissa's current fiscal situation suggests that fiscal space will not be a constraint insofar as a higher loan amount is concerned, as Orissa will remain within the prescribed limits for capital spending and borrowing.

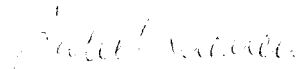
OWD Modernization and Governance Improvement. An important feature of the proposed project is to assist GOO to modernize OWD and improve its effectiveness and transparency in the execution of works and management of the road sector. In this regard, the mission has discussed with GOO and OWD the updated Institutional Strengthening Action Plan (ISAP) and the Governance and Accountability Action Plan (GAAP), including an implementation plan for a *suo moto* disclosure policy of the Right to Information Act (RTI) provisions. I would like to encourage GOO and OWD to discuss the ISAP and GAAP more widely within the department and with concerned stakeholders, and finalize them by project

appraisal. A formal endorsement by GOO of the ISAP, GAAP and RTI disclosure policy and implementation plan would be one of the key prior actions for loan negotiations.

Finally, we look forward to appraising this important project in August 2007, which would be followed by loan negotiations in October 2007, and Board presentation in December 2007. It is important to maintain this timeline to avoid further slippages in project preparation and start of implementation.

With regards,

Yours sincerely,


Isabel M. Guerrero
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

Er. J. Nayak
Chief Engineer, World Bank Projects,
Orissa Works Department, Bhubaneswar

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

Mr. V. Velayutham
Director General (Road Development) and Special Secretary
Department of Road Transport & Highways
Ministry of Shipping, Road Transport and Highways
Government of India, New Delhi

INDIA

PROPOSED ORISSA STATE ROADS PROJECT (P096023)

PRE-APPRAISAL MISSION

MAY 18-25, 2007

AIDE MEMOIRE

A. Introduction

1. A World Bank mission comprising Binyam Reja (Sr. Transport Economist/TTL), A.K. Swaminathan (Sr. Transport Specialist), Frederick Edmund Brusberg (Regional Safeguard Coordinator), Mohammed Hasan (Sr. Social Development Specialist), Neha Vyas (Environment Specialist), Manmohan Sing Bajaj (Sr. Procurement Specialist), Manvinder Mamak (Sr. Financial Management Specialist), Isabel Chatterton (Sr. Financial Analyst), Sri Kumar Tadimalla (Sr. PPP Specialist), Naseer Ahmed Rana (Governance Adviser), Gautam Bastain (Consultant, RTI) visited Orissa from May 18-25, 2007 for various periods for the pre-appraisal 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 draft Aide Memoire (AM) was discussed with GOO officials in a wrap up meeting chaired by the Development Commissioner on May 24, 2007. The mission thanks GOO and OWD for their kind cooperation and support during the mission.

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

3. The mission is pleased to note that project preparation has progressed well since the last mission. The preparatory activities for the first year civil works are nearing completion, which means that the project could be ready for appraisal by August 2007 or as soon as the remaining activities (list below) are completed.
4. *Prior Actions for Appraisal*
 - Submission of draft bidding documents for first year contracts and clearance by the Bank.
 - Resettlement Action Plan (RAP) approved by the GOO and land acquisition notifications issued for all first year contracts that require land acquisition.
 - Social Assessment, Resettlement Policy Framework and RAP for first year roads cleared by the Bank and disclosed to the public.
 - Environment Assessment (EA) and Environment Management Plan (EMP) for first year roads finalized, cleared by the Bank, and disclosed to the public.

- Staffing of the PMU completed.
- Procurement plan for the first 18-months of procurement activities (works, services, and goods) finalized.
- Advance action for recruitment of consultants for the implementation of the Institutional Strengthening Action Plan (ISAP), including Asset Management consultant mobilized, and RFP issued to IT/ICT and Road Sector Master Plan and Financing Study consultancies.
- Technical proposals received from supervision consultant for first year roads.
- GOO and DEA decision on the World Bank loan amount for OSRP.
- Financial Management manual prepared and TOR for external audit agreed.
- Preparation of second-year works substantially advanced.

5. ***Prior Actions for Negotiations***

- Bids received for first year roads and ready for award.
- Technical evaluation report completed for supervision consultant proposals for first year roads.
- Land cleared for construction, including utility shifting, land acquisition and tree-cutting completed for 40% of the first year contracts.
- ISAP and Governance and Accountability Action Plan (GAAP) formally endorsed by the Government.
- Draft bidding documents for second-year contracts ready.

6. ***Project Timeline.*** The timetable for project processing is provided below. If the above actions are met earlier, the appraisal and negotiations dates could be brought forward.

- Project Appraisal: August 2007
- Loan Negotiations: October 2007
- Loan Approval: December 2007

7. ***Invitation of Tender.*** The mission informed OWD that once the bidding documents for first year contracts have been formally cleared by the Bank, OWD should go ahead and initiate the bidding process so that construction could start early during the next season.

C. Mission Findings and Key Issues Discussed

8. ***Project Cost.*** The total project cost currently stands at US\$ 460 million, including contingencies, and costs for supervision consultants, land acquisition, resettlement and rehabilitation and utility shifting (see table below). The latest cost estimate (in US dollar terms) is higher than the last mission's estimate of US\$400 million in part because of the dollar's depreciation during the intervening period, resulting in an increase of about US\$30 million. In addition, about US\$17 million has been allocated during the current mission for the PPP component to cover the state's contribution for potential Viability

Gap Funding and consultancy services for supervision during the construction of the PPP roads. Subject to confirmation by the Transaction Advisor, the recently-added PPP road for access to the Dhamra port may require Viability GAP Funding from the state, which the project could finance.

Project Components	Cost (US\$ Million)	%	Bank Loan (at 80%) US\$ Million	%
Road Improvement under Public Sector Financing (including supervision costs, LA, R&R and Utility Shifting)	430	93%	332	92%
Road Improvement under PPP Scheme (including supervision cost)	17	4%	14	4%
Institutional Strengthening	7	2%	6	2%
Incremental Operating Costs	5	1%	4	1%
PPF Refund	1	0%	1	0%
Total Project Costs	460	100%	356	99%
Front End Fee	0	0%	4	1%
Total Financing	460	100%	360	100%

9. **Decision on Loan Amount.** The mission learned that GOO's State-level Project Monitoring Committee has approved the cost estimate from the last mission, and that the GOO is now in the process of requesting DEA for a higher loan amount. In this regard, the mission urges the GOO and DEA to reach a decision on the desired level of loan amount, taking into account GOO's fiscal space for borrowing and its ability to come up with counterpart funding requirements during the project implementation period. At 20 percent counterpart funding by GOO, the loan amount would be about US\$360 million, while at 30 percent the loan amount would be reduced to about US\$315 million. Maintaining the current loan amount of US\$250 million would require GOO's counterpart funding to increase to 40 percent or to significantly reduce the scope of the project. The latter option, however, should be avoided as the current demand for road improvement in Orissa is high and Orissa has not had any externally aided project in the main road sector for many years. Also, road sector investment in Orissa has been lower than many other states in India, putting the state at a competitive disadvantage specially as it tries to attract major industrial and mining investors to the state.

10. **Fiscal Space.** Based on a quick review of Orissa's current fiscal situation, it appears that fiscal space will not be a constraint insofar as the proposed higher loan amount is concerned. Orissa's annual net borrowing (fiscal deficit) and its aggregate capital spending have, in recent years, been much lower than the centrally prescribed limits and GOO's own targets under the Fiscal Responsibility & Budget Management Act. Orissa's upper limit for capital spending is 3 percent of the GSDP, but in recent years, this has hovered around 2 percent. The project will therefore help Orissa to

increase capital spending and move towards 3 percent of GSDP. In addition, the loan will not affect the aggregate debt burden, because Orissa would be operating within the prescribed ceilings.

11. **Bidding Documents for First Year Contracts.** The mission reviewed the draft bidding documents for the Berahmpur-Taptapani road package, which was sent to the Bank for review prior to the mission. The mission provided extensive comments and discussed them during the mission. The OWD will now revise the bid document based on the comments and discussions and re-submit to the Bank for clearance by early June 2007. In addition, the bidding documents for the other two packages in the first year program will be sent to the Bank by mid-June 2007. The Bank will review and send a formal letter conveying comments and no-objections to enable OWD to start the bidding process by issuing SPN/ IFB.

12. **Procurement Plan.** OWD has prepared a revised Procurement Plan and submitted to the Bank. This will be finalized during appraisal, taking into account the latest project costing and procurement packages and activities.

13. **Procurement Capacity and Risk Assessment.** The mission reviewed the status of agreed actions for mitigation of procurement risk as identified per the Risk Assessment carried earlier. The mission noted that some aspects of the Action Plan pertaining to procurement capacity building of the PMU and training of the staff working for it, require attention so as to meet all agreed action plan. The proposed capacity building/ training plan will be forwarded to the Bank by June 30, 2007.

14. **Revision of PWD Codes.** The mission was informed that the government has made a decision to review the PWD codes and update the procurement manual and procedures. An EOI and TOR had been previously prepared, and the EOI now needs to be issued immediately to start the short listing of consultants. The revision of the PWD codes is an important part of improving procurement and governance in PWD.

15. **Second Year Roads.** The preparatory activities for the second year roads are continuing with the current consultant, whose term is expected to be finished in August 2007 (unless provided a second time extension, which may be required to complete the work). The mission informed GOO and OWD that satisfactory preparation progress for second year works is part of the prior actions for appraisal, and that the draft bidding documents for second year works have to be ready by negotiations. The mission reminded GOO that all preparatory activities, including completion of land acquisition and obtaining environmental and forestry regulatory clearances for all second-year roads will have to be done within the first year of the project implementation period. The completion of all preparatory activities for second year roads will be part of the Loan Covenant and will have to be completed no-longer than 18 months after project approval.

16. **PPP Aspects.** The procurement of the transaction advisor is proceeding well. OWD has completed its negotiation with the selected consultant and sent to the Bank the draft contract for no objection. The Bank has provided extensive comments on the draft contract which should be incorporated before the contract is awarded and signed with the

selected consultant. The mission also had a fruitful discussion with OWD staff on several aspects of the transaction advisor consultancy. The mission urges the OWD to monitor the activities of the consultant very closely and ensure deployment of key staff at the earliest. A fourth road has been added (Digachhia-Dhamra (35 km)) and its payment and deliverable schedule should be clarified in the final contract.

17. The mission encourages OWD to appoint staff to work with the consultant side by side on a daily basis, so that transfer of knowledge and capacity building can take place through on-the-job training and learning-by-doing. In addition, the PPP cell in OWD needs to be fully staffed with the right qualifications (including financial/economics and legal) to be able to act as an effective counterpart team to the transaction advisor consultant. The mission was informed that EE and three AE would be in place by mid June 2007. However, specialists on legal and finance/economics would still need to be secured. Young graduates could also fill these posts.

18. The mission has noted that there are a number of disparate road PPP initiatives being proposed outside of the OWD and discussed the need to have a common procedure for all road sector PPP initiatives in the state. The mission recommends that all PPP-related work in the road sector, including those being prepared by outside consultants or agencies with other funding, should be undertaken under the leadership of the OWD and overseen by its PPP Cell. The OWD should be fully involved in matters and decisions relating to road infrastructure in the state.

19. The mission met with the state-level PPP Cell in the Planning and Coordination Department of the GOO, which is headed by a Special Secretary. The Special Secretary and his team shared GOO's program for promoting PPP schemes in the state. It is understood that the state-level PPP cell's mandate is to support sector agencies and line departments to facilitate the implementation of PPP schemes. With respect to the road sector the Works Departments (and its PPP Cell) is expected to carry out the actual implementation of PPP projects and take ownership of the different stages of the PPP development, including concept development, tendering and contract monitoring. At the same time, the Works Department will work with the state-level PPP cell to take advantage of the resources, skills and capabilities that are expected to be mobilized by the state-level PPP cell.

20. The mission also discussed capacity-building requirements for the various PPP initiatives in the state that could be supported under the OSRP, with possible grant funding from an Australian Government Aid partnership currently being developed with the Bank. GOO/OWD will need to prepare and send to the Bank a request for training and capacity building program to be supported under the proposed project. The request should come before appraisal and finalized during appraisal.

21. ***Governance and Accountability Action Plan.*** The mission noted that GOO has made progress in making arrangements to comply with the RTI, including appointment the information officers and recruiting a web-designer to establish a website for the project to disclose all the RTI information, as well as the project documents as per the World Bank requirement. A draft disclosure policy and an implementation plan including

a monitoring framework based on the Orissa RTI suo moto disclosure template was discussed with OWD. Since proactive disclosure is a key component of the GAAP, actions required to implement the disclosure policy need to be agreed before appraisal. In addition, the mission discussed and updated the GAAP with OWD, which would need to be finally endorsed by the GOO by project appraisal.

22. ***Institutional Strengthening Action Plan and Institutional Development Component.*** A summary level ISAP has been prepared. The OWD task force will need to review and discuss the matrix before it is finalized. Additional comments and revisions may be required to shorten the ISAP and make it more concise. The ISAP should be finalized during appraisal and formally endorsed by GOO before negotiations.

23. ***ISAP Services.*** The mission discussed the different consultancy services for the implementation of the ISAP. The consultancy services required include the following:

- (i) Establishment of Asset Management System. Procurement of consultant in advanced stage. Technical Evaluation Report submitted to the Bank.
- (ii) Revision of PWD Codes and Manuals. EOI being issued.
- (iii) IT/ICT/MIS Development. TOR being prepared and to be sent to the Bank for no-objection by early July 2007.
- (iv) Updating the Computer Program for Financial Management System (CPFMS). This system was developed by a national consultant during the dropped Orissa Road Project several years ago. However, since many of the system applications are still relevant and could be easily updated and used by OWD, it has been agreed that OWD will re-hire the same consultant that developed the system on a sole-source basis and let the consultant update the system and support its implementation. OWD will send to the Bank a proposal for sole-sourcing the consultant, including the additional input requirements and cost estimate.
- (v) Road User Satisfaction Survey. This will be undertaken by a local university or research institute. There will be three surveys: one baseline and two repeat surveys (mid-term and completion stage). The Bank will send OWD a sample TOR, which was used for similar surveys in other states in India. The baseline satisfaction survey will need to be completed during the first year of the project.
- (vi) Training. Various short- and longer-term training program is envisage to be provided in country and outside of country. A training needs assessment (TNA) will be carried out by a consultant. At the same time, the OWD ISAP Task Force will start developing a training program for immediate delivery until a comprehensive TNA is carried out.
- (vii) PPP Regulatory Policy and Transaction Capacity Development. Capacity development program to be prepared by GOO/OWD and discussed with the Bank by appraisal.
- (viii) Road Sector Institutional Development, Master Plan, Safety and Financing Study. The study will be a compressive ISAP study that will combine the various studies previously identified into one major study. The study will be the main vehicle through which GOO would develop different policy and

institutional reforms in the road sector, as well as draft policy and legal framework in the sector. A comprehensive TOR needs to be prepared and discussed and agreed by project appraisal. The study will cover the following activities:

- examine the current policy environment and institutional structure in the road sector,
- prepare master plan,
- review financing arrangement and options for the creation of state-level road fund through road user charges,
- assess re-organization of OWD, including the possible creation of a Road Development Corporation by reorganizing the Orissa Bridge and Road Construction Company, and
- develop a Road Safety Policy and Action Plan,
- undertake training needs assessment for OWD staff and officers
- Drafting policy and legal framework

24. **Construction Academy.** In order to upgrade the skills of the construction workers in Orissa, the mission further discussed the possibility of developing a construction training academy similar to the one available in Andhra Pradesh. In order to move this initiative forward, it was agreed that the OWD Task Force would discuss this proposal and submit a formal proposal to the government to initiate the establishment of the academy. In addition, the Task Force may visit the AP academy, and may engage a Facilitator-cum-Consultant to get the initiative forward.

25. **Partnership with Local Universities and Technical Institutes.** The mission met with a local technical institute that is involved in providing capacity development training in quality assurance and testing, and courses in construction management. In order to foster longer-term capacity building in the state, OWD should engage one or two institutes to provide some of the training programs envisaged in the proposed project, which would come out from the training needs assessment and the ISAP Task Force's recommendation.

26. **Support to OWD Research and Quality Control Wing.** The mission visited this wing, and reviewed its quality control and testing practices. The wing uses obsolete equipment for testing, and appears to be in need of modernization and capacity building. The Wing has proposed a list of equipment to be procured under the proposed project. However, the mission informed OWD that such procurement of equipment should be linked to improvements in the incentive structure of the wing, including allowing it to retain some of the revenue from testing, as well as the Wing developing a robust training program, possibly in partnership with a local institute. The mission recommends that the OWD ISAP Task Force should review Wing's proposal for equipment and capacity building program before inclusion in the project.

27. **Building for the OWD.** The OWD requested the inclusion of some financing in the OSRP to expand its current building to accommodate the expected increase in OWD staffing for the new cells and consultants to work in various project activities. While there

is a real need for the building, it is important that OWD look at other sources of funding to construct the building before it taps the OSRP. This is because the cost of the project is becoming high, and it is possible that some activities, with less priority such as the proposed building, would need to be cut. Therefore, the decision on building should be finalized during appraisal/negotiations after the final project cost and loan amount have been determined.

D. Financial Management Aspects

28. Substantial progress has been made in finalizing the financial management arrangement for the proposed project. It has been agreed that the current OWD accounting and reporting system will be used for the OSRP. Accordingly, the OSRP components have been incorporated into the state's budget classification system in a manner that will allow financial reports to be generated from the Monthly Appropriation Account prepared by the Auditor General (AG) Orissa. These monthly accounts are prepared by AG based on monthly financial reports submitted by the OWD Divisions. These arrangements were confirmed with the AG in terms of the timeliness and completeness of the reports. It has also been agreed that report based disbursements will be used for withdrawals from the Credit/Loan - the form and contents of the interim financial reports and the commitment and tracking register for contracts have been agreed with the OWD. In determining the eligible expenditures for the purposes of withdrawal, pro rata charges levied as part of the state's accounting convention, will be deducted from the expenditures reported - these have been built into the format of the interim financial reports. The financial management processes to be adopted for R&R payments have been discussed and agreed - these will be documented in the RAP documents as well as in the Financial Manual for the project.

29. The next steps in the preparation process to be completed by appraisal, as agreed with OWD are listed as follows:

- Positioning of two dedicated finance positions at the PMU – Chief Accounts Officer, to be designated as the DDO for the project and Divisional Accountant.
- Preparation of the Financial Manual for the project, documenting the agreed financial management arrangements, including budgeting, fund flow, accounting and reporting (including formats of interim financial reports), disbursement and auditing arrangements. The Manual will also include a separate section documenting the agreed financial management processes for R&R payments.
- TORs for the external audit for the project prepared and submitted to DEA for concurrence of CAG of India

E. Environmental Management Aspects

30. *Environmental Issues Regarding Anandpur–Karanjia Road.* The road is of a 273 km road corridor from Jagatpur to Karanjia proposed for financing under OSRP. The 65-km section of this corridor between Anandpur and Karanjia transects the buffer/transition zone of the Simlipal Biosphere Reserve. The mission discussed with OWD

different options for improving the road and mitigating possible environmental impacts on the sensitive environment corridor. In the mission's view, widening this road to seven meters as previously envisaged would pose significant environmental risk and could potentially lead to undesirable induced development, especially if heavy truck vehicles are allowed to ply on the road in large numbers. However, at the same time, the community who lives along the road has strong demand for improving the road to have better access and connectivity, which is very understandable given how good roads could contribute to economic and social development in Orissa. The area is inhabited by tribal people who cultivate rain-fed paddy and millet for subsistence and collect a wide variety of forest products. The road is in poor condition; some sections are not passable during monsoons.

31. The mission discussed the need to balance the demands of the community with that of environmental protection. The mission believes that the best improvement option for this road is to carry out major maintenance on the existing road without any significant widening and major changes to the alignment. This would minimize the environmental risk, while at the same time satisfying the demands of the community for better road access. This improvement with some minor structural improvements should provide adequate and effective all-season access to the communities who live along the road.

32. With respect to movement of heavy vehicles, the alternate road from Karanjia-Dhenkiko, which is currently being improved by OWD under central government funding, should be able to provide good connectivity for heavy vehicles to the National Highway and other parts of Orissa.

33. In addition to the above improvement measures, it was agreed that heavy truck vehicles would be banned from the Anandpur-Karanjia section, and instead they would be diverted to use the Karanjia-Dhenkiko alternate road. Access to Anandpur-Karanjia road would be controlled by putting checkpoints and barricades at strategic locations on the road. The access control would include preclusion of nighttime movement of all trucks and exclusion of mining-related truck traffic. The area would be open to local vehicles and buses. A regulation/ordinance would need to be passed through either legislative means or Government Order. It was agreed that OWD, in consultation with the Forest Department, would initiate steps needed to produce an ordinance to ban heavy vehicles on the road. This ordinance will be required before the Bank will give no objection to the award of contract for this road segment.

34. ***Progress with Environment Assessment and Environment Management Plans.*** The mission reviewed the revised EA and 2 corridor-specific EMPs (Berhampur-Taptapani and Anandpur-Bhadrak-Chandbali) of first year works, for which comments had been provided earlier and found that most of the comments have been incorporated. It was agreed that the final versions of all year-one documents, after incorporating the comments/suggestions of Independent EA Review Consultant will be submitted to the Bank by June 15, 2007. The mission was informed that the work for year-two roads has been initiated.

35. ***Disclosure of Environment Documents.*** The mission was informed that interim disclosure of EA, EMPs and Biodiversity Report has been made (on the GoO website) during May 2007. It was agreed the Executive Summary of the Final EA, EMPs and Biodiversity Report will be translated in Oriya and disclosed on the website as well as in locations accessible to the public (like public libraries, office of the District Collectors, OWD divisional Offices etc.) by June 30, 2007. It was also agreed that the OWD will send the environment documents to the Bank for disclosure at the Infoshop along with a consent letter to do so.

36. ***Regulatory Clearances.*** The mission was informed that the process for obtaining Environmental and Forest Clearances (year-one works) has been initiated. The Forest Land Diversion and Tree Felling application will be submitted before June 15, 2007. The mission reiterated that contracts should not be awarded without the requisite regulatory clearances in hand.

37. ***Institutional Arrangements.*** The mission reiterated to strengthen PIU and fully staff its Environment Management Unit to ensure that adequate staff is available for implementation of environmental management plans including biodiversity aspects.

38. The mission discussed in detail OWD's current proposal to hire a retired Forest Official in the Environmental Management Unit. To actively support and implement the multifarious activities envisaged in the EMPs like regulatory requirements, plantation and tree preservation activities, wildlife protection and community initiatives linked with medicinal plants, the mission suggested that sufficient experience and expertise should be considered during selection. The OWD has agreed to review and inform the Bank about its decision by June 30, 2007.

39. ***Endorsement of EMPs and Biodiversity Management Plan.*** The EMPs and the Biodiversity Management Plan contain certain suggestions/proposals that require concurrence of the State Environment and Forest Department including the Wildlife Wing before they can be implemented. It was agreed that OWD will share these documents with DoEF, GoO and SPCB by June 10, 2007 and their internal endorsement will be shared with the Bank by project appraisal.

40. The mission suggested that a focused workshop would be useful in appraising all concerned line agencies/departments/organizations on the Environmental Management Approach and Plans of OSRP as their concurrence and involvement will be required for successful EMP implementation. It was agreed that OWD will organize a Workshop during Project Appraisal for this purpose with support and guidance from the Bank.

F. Social Impact Management Aspects

41. ***Resettlement Action Plan.*** The mission reviewed the draft Resettlement Action Plans (RAP) prepared for the three roads proposed for the first year of the project. The review found that while these RAPs contain quite a good amount of information, they require some presentational improvements. Discussions were held with the consultants and the PMU staff on the required improvements of these RAPs. It was agreed that the RAP for Bhadrak-Chandbali section will be revised based on the comments provide by the mission, and submitted to the Bank by early June 2007. The other two RAPs for

Bhawanipatna-Kharia and Berhampur-Taptapani stretches will be submitted by mid June 2007.

42. The state Resettlement and Rehabilitation (R&R) Policy requires that RAPs need to be approved by the Rehabilitation and Peripheral Development Committee (RPDC). This committee is required to be constituted. It was agreed that OWD would take up with the Government to constitute these committees in the project areas by June 15, 2007 and submit the RAPs for their review and approval.

43. **Land Acquisition.** The mission was informed that for almost all the villages of the project areas where land acquisition (LA) is required, land plan schedules have been prepared and submitted to the Government for issuing required notification under the LA Act of 1985. The mission was informed that documents submitted for LA would help the Government to accelerate the LA process. It was agreed that 'consent award' approach would be adopted, ensuring that land required for first year works would be handed over to contractors November 30, 2007, by which time the contractors would have mobilized.

44. **NGO Hiring.** The mission reviewed the TOR prepared for involving NGO in the implementation of RAP. It was agreed that all efforts would be made to ensure that NGOs are selected and contracted by end September 2007. The mission reiterated to strengthen PMU and fully staff its Social Management Unit to ensure that adequate staff is available for planning and implementation of social management plans including RAP and completing LA process. This will ensure continuing preparation for the second year roads. OWD is currently in the process of recruiting a social management specialist from the market to work with the PMU. It is important this recruitment is carried out expeditiously and the specialist should be on Board by August 2007.

G. Next Mission

45. The next mission will be in August 2007 and is expected to be the final appraisal of the proposed project. The actions listed in Para 4 above will need to be completed before the Bank would field the appraisal mission.

Annex 1**Officials Met During Mission – May 2007**

1. Sri A. U. Singh Deo, Honorable Minister, Works & Housing
2. Dr. R. N. Bahidar (IAS), Development Commissioner –cum-Addl. Chief Secretary
3. Sri R.N. Senapati (IAS), Principal Secretary, Finance
4. Er. D.K. Dey, E.I.C-cum-Secretary to the Government Works Department
5. Dr. R. V. Singh (IFS), Special secretary Planning & Coordination Department
6. Sri N. Chandra, (IAS), Special Secretary, General Administration
7. Sri P. N. Padhy, Special Secretary, Forest & Environment
8. Sri P. K Pattnaik, Joint Secretary, Revenue & Disaster Management Dept.,
GOO
9. Sri Ota, Director, SC& ST Research Centre
10. Sri Sukadev Meher, Engineer-in-Chief (Civil) & Chairman IDS Task Force
11. Mr. V. Murabari Reddy, Ex-EIC, Andhra Pradesh & ISAP Facilitator
12. Er. N. K. Pradhan, EIC(Civil) I/C & Chief Engineer (DPI&Roads)
13. Er. J.M. Nayak, Chief Engineer, World Bank project, Orissa
14. Er. Bijan K. Behera, Chief Engineer, Buildings
15. Sri S. N. Dey, Joint Secretary, OWD
16. Sri Akrura Sahu, Financial Advisor-cum-Joint Secretary, OWD
17. Mr. Sukesh Gupta and Key Consultant Team, M/s C.E.G. Ltd.. Preparation
Consultant for Project Roads
18. Mr. Vishwas Udgirkar, Associate Director, M/s Price Water House Coopers,
winning PPP Transaction Advisor
19. Er. P. K. Mohapatra, Superintending Engineer (Planning & Design)
20. Er. S. N. Barik, Executive Engineer, Roads
21. Er. F. M. Panigrahi, Executive Engineer, Planning
22. Er. B. B. Padhy, Executive Engineer, Design
23. Er. R.K. Sahu, Executive Engineer, Design
24. Er. T. K. Garnaik, Executive Engineer, Design
25. Sri S. N. Ahmed (OAS), Land Revenue Officer, PIU, OWD
26. Er. Soroj K. Mishra Executive Engineer, PIU, OWD
27. Er. P. K. Gauda, Executive Engineer, PIU, OWD
28. Er. M. R. Mishra, Executive Engineer, PIU, OWD
29. Dr. N. C. Pal, Executive Engineer, PIU, OWD
30. Er S. Hota, Assistant Engineer, PIU, OWD
31. Mr. S.N. Das, Sr DAO, PIU, OWD