

**AGREED MINUTES OF NEGOTIATIONS  
BETWEEN  
THE GOVERNMENT OF INDIA AND THE GOVERNMENT OF ORISSA  
AND  
THE INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT  
REGARDING THE  
PROPOSED ORISSA STATE ROADS PROJECT**

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1. Negotiations for a loan (the Loan) from the International Bank for Reconstruction and Development (the World Bank or Bank) for an amount of US\$250 million for the proposed Orissa State Roads Project (the Project) were held in Washington, D.C. from July 14 through July 18, 2008. Representatives of the Government of India and the Government of Orissa (jointly the Delegation) on the one hand, and the World Bank (the Bank Team) on the other hand, participated in the aforementioned negotiations. A list of participants is provided in Attachment 1 to these minutes of negotiations (the Minutes).
2. The parties reviewed the text of the draft Loan Agreement (the LA) between India (the Borrower) and the World Bank, and the draft Project Agreement (the PA) between the State of Orissa and the World Bank, and agreed on the revised draft of the LA and PA dated July 18, 2008 (Attachment 2). The Minutes are not a complete record of the negotiations, but are intended to record and clarify understandings reached during negotiations between the parties.

**Loan Agreement**

3. **Section 2.03.** The Delegation confirmed that front-end-fee equal to one quarter of one percent (0.25%) of the Loan amount will be capitalized in the Loan.
4. **Section 2.04.** The Delegation confirmed that this Loan would be subject to interest equal to LIBOR plus the Variable Spread, and would be denominated in US dollars. The completed and signed Loan Choice Worksheet is provided in Attachment 3.
5. **Section 2.07.** The Delegation chose to have all available conversion options, which was reflected in the LA. The Bank Team confirmed that the transaction fees for these conversions (currency and interest rate conversions, and caps/collars) will be applied only if the options are exercised by the Borrower. At the present time, the structure of the transaction fees is as follows:
  - **Interest Rate Conversion:** transaction fee will be expressed as a percentage per annum on the outstanding Loan amount for additional rate fixing/unfixing. This fee cannot be financed from Loan proceeds.
  - **Interest Rate Caps/Collars:** transaction fee will be expressed as a percentage of the principal amount involved, and payable as a lump sum which could be financed from the Loan proceeds.



- **Currency Conversion:** transaction fee will be expressed as a percentage of the principal amount involved and payable as a lump sum, and an additional fee for convertibility risk that may apply for local currency conversions. This fee cannot be financed from Loan proceeds.

*Schedule 1*

6. **Road Corridor Improvement.** The Bank Team clarified that Phase 1 and Phase 2 roads refer to Project roads that have been referred to until now as Year 1 and Year 2 roads respectively. The change was necessitated to ensure flexibility for tendering the Project roads. All references to Year 1 and Year 2 in the Project documents would be changed to Phase 1 and Phase 2 respectively.

*Schedule 2*

7. **Section I – Paragraph 1.** The Delegation stated that as per the current policy of the Borrower, the proceeds of this Loan are to be made available to Orissa on a back-to-back basis under the same terms as described in the LA.
8. **Section II – A.** The parties reviewed and agreed on the Performance Monitoring Indicators (also referred to in Section II, Part A, Paragraph 1 of the Schedule to the PA). The Delegation agreed that the Borrower and the State of Orissa shall monitor and evaluate the Project in accordance with these indicators. The Performance Monitoring Indicators are in Attachment 4. The Delegation confirmed that the Project Progress Report will be prepared and submitted to the Bank on a quarterly basis.
9. **Section II B, Paragraph 2.** The parties reviewed and agreed on the Financial Management Report format and the Delegation confirmed that the Financial Management Report would be prepared and submitted to the Bank on a quarterly basis. The agreed Financial Management Report formats are provided in Attachment 6.
10. **Section II B, Paragraph 3.** The Bank Team confirmed that the Auditor General of India (C&AG) would constitute the “independent auditor” for the audit of the financial statements. In addition, the Bank Team confirmed that the auditing standards of the C&AG are acceptable to the Bank.
11. **Section IV B.** The parties agreed that expenditures incurred on or after July 2, 2008 and before the LA and PA signing would be eligible for retroactive financing under the Loan.

**Project Agreement**

12. **Schedule 2, Section III. B.2 (a).** Procurement through National Competitive Bidding (NCB) method shall be carried out in accordance with paragraph 3.3 and 3.4 of the Guidelines and the following provisions shall additionally apply:

- Only the model bidding documents for NCB agreed with the GOI Task Force (and as amended for time to time), shall be used for bidding;
- Invitations to bid shall be advertised in at least one widely circulated national daily newspaper, at least 30 days prior to the deadline for the submission of bids;
- No special preference will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state-owned enterprises, small-scale enterprises or enterprises from any given State;
- Except with the prior concurrence of the Bank, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder;
- Extension of bid validity shall not be allowed without the prior concurrence of the Bank (i) for the first request for extension if it is longer than four weeks; and (ii) for all subsequent requests for extension irrespective of the period;
- Re-bidding shall not be carried out without the prior concurrence of the Bank. The system of rejecting bids outside a pre-determined margin or "bracket" of prices shall not be used in the Project;
- Rate contracts entered into by Directorate General of Supplies and Disposals will not be acceptable as a substitute for NCB procedures. Such contracts will be acceptable however for any procurement under the Shopping procedures; and
- Two or three envelope system will not be used.

### **Procurement Plan**

13. The parties discussed and agreed on the Procurement Plan dated July 9, 2008 for goods, works, and consultants' services to be procured in the first 30 months of the Project implementation period.

### **Disbursement Letter**

14. The parties agreed on the text of the draft Disbursement Letter to be issued by the Bank at the time of the LA and PA signing. This letter is included under Attachment 7.

### **Anti-Corruption Guidelines**

15. While the Delegation welcomed the Anti-Corruption Guidelines (ACG), the Delegation and the Bank Team noted that they will need to monitor and assess the practical implication of the ACG on Project implementation.

### **Project Appraisal Document**

16. The Project Appraisal Document (PAD) was reviewed and updated to take into account the comments by the Delegation. The Delegation confirmed that, subject to the modifications, the PAD can be made available to the public, once the Bank's Board of Directors has approved the Loan.

**Other Issues**

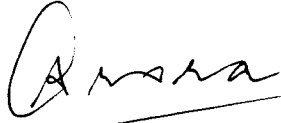
17. **Indigenous People.** The Delegation objected to the reference in Project documents to tribal communities as indigenous people and clarified that all the people of India are indigenous to the country.
18. **Governance and Accountability Action Plan.** The Governance and Accountability Action Plan (the GAAP) was discussed and agreed with some modifications.
19. **Pending Actions.** The Delegation confirmed that the pending actions will be carried out by August 30, 2008 and that the Bank would be informed accordingly. The key pending actions are (i) the formal endorsement by the Government of Orissa of the Financial Management Manual and the GAAP, (ii) the formation of the State Level Empowered Committee and clarifying its role and responsibilities, including delegation of some decision powers, and (iii) the formation of the ISAP Steering Committee.

**Board Presentation**

20. The Bank Team informed the Delegation that the Loan is expected to be presented for the World Bank Board consideration on September 9, 2008.



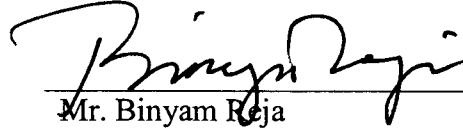
**On Behalf of the Government of India**



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Mr. Anuj Arora  
Director  
Department of Economic Affairs  
Ministry of Finance  
Government of India

**On Behalf of the International Bank for  
Reconstruction and Development**



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Mr. Binyam Reja  
Senior Transport Economist  
Sustainable Development Unit  
South Asia Region

**On Behalf of the State of Orissa**



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Dr. Rabi Narayan Bohidar  
Development Commissioner-cum-Addl.  
Chief Secretary  
Government of Orissa

**Washington, D. C., July 18, 2008**

**ATTACHMENTS**

1. List of Participants in the Negotiations
2. Negotiated Draft Loan Agreement and Project Agreement, dated July 18, 2008
3. Loan Choice Worksheet
4. Performance Monitoring Indicators
5. Financial Management Report Format
6. Draft Disbursement Letter



**List of Participants in the Negotiations**

**Members of the Indian Delegation**

Mr. Anuj Arora	Director, Department of Economic Affairs, Ministry of Finance, Government of India
Dr. Rabi Narayan Bohidar	Development Commissioner-cum-Addl. Chief Secretary, Government of Orissa
Mr. Rabi Narayan Senapati	Principal Secretary, Finance Department, Government of Orissa
Mr. Subhendu Kumar Ray	EIC-cum-Secretary, Works Department, Government of Orissa
Mr. Jayamangal Nayak	Chief Engineer, World Bank Projects, Orissa

**Members of the Bank Team**

Mr. Binyam Reja	Senior Transport Economist and Task Team Leader
Mr. Gennady Pilch	Senior Counsel
Mr. Sri Kumar Tadimalla	Sr. Public Private Partnerships Specialist
Mr. Manmohan Singh Bajaj	Senior Procurement Specialist
Ms. Thao Le Nguyen	Senior Finance Officer
Ms. Manvinder Mamak	Senior Financial Management Specialist
Ms. Neha Pravash Kumar Mishra (Vyas)	Environmental Specialist
Mr. Mohammed Hasan	Senior Social Development Specialist


**Attachment 2**

**Draft Loan Agreement and Draft Project Agreement, dated July 18, 2008**



**Final Negotiated Draft  
July 18, 2008**

**LOAN NUMBER \_\_\_\_\_ - \_\_\_\_\_**

# **Loan Agreement**

**(Orissa State Roads Project)**

**between**

**INDIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated \_\_\_\_\_, 2008**



## LOAN AGREEMENT

AGREEMENT dated \_\_\_\_\_, 2008, between INDIA, acting by its President ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

### ARTICLE I - GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Loan Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### ARTICLE II - LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of two hundred fifty million Dollars (\$250,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement, ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are June 15 and December 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.



- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

### ARTICLE III - PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### ARTICLE IV—EFFECTIVENESS

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.



**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Borrower's Representative is any Secretary, Additional Secretary, Joint Secretary, Director, Deputy Secretary or Under Secretary of the Department of Economic Affairs in the Ministry of Finance of the Borrower.

5.02. The Borrower's Address is:

Department of Economic Affairs  
Ministry of Finance  
New Delhi 110 001  
India

Cable address:	Telex:	Facsimile:
ECOFAIRS New Delhi	953-31-66175 FINE IN	91-11-23093422

5.03. The Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at New Delhi, India, as of the day and year first above written.

INDIA

By

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT



By

Country Director  
India

A handwritten signature in black ink, consisting of a stylized 'Q' or '2' at the top and a larger, more complex signature below it.Handwritten initials in black ink, appearing to be 'PM' or 'PM2'.

## SCHEDULE 1

### Project Description

The objective of the Project is to remove transport bottlenecks in targeted transport corridors of the State of Orissa for greater investment and economic and social development activities in the State of Orissa.

The Project consists of the following components:

#### A. Road Corridor Improvement

Widening, strengthening and selective realignment of about 461 km of existing roads in the State of Orissa to the double-lane standard, to be completed in two phases: (i) Phase I Roads, comprising about 204 km of total roads included in the Project; and (ii) Phase II Roads, comprising the remaining roads included in the Project; and implementation of ancillary social, health, resettlement and environmental measures.

#### B. PPP Enabling, Sector Policy and Institutional Development and Implementation Support

1. Strengthening the capacity of the Government of the State of Orissa to attract, on Public Private Partnership (PPP) basis, private sector participation in financing and management of selected high-traffic roads.
2. Modernization and institutional strengthening of the OWD, by, inter alia: (a) preparation of a modern road asset management system; (b) development and implementation of a strategy to modernize financial management system and record keeping, and introduction of e-procurement; (c) strengthening the OWD capacity in core business functions, including environment and social management, road safety, road asset management, and PPP transactions; (d) revision and update the PWD codes and manuals to improve contract management and procurement practices in OWD; and (e) training and capacity building of OWD staff.
3. Strengthening the policy, institutional and legal framework of the State of Orissa road sector through, inter alia: (a) improving operation and management structure for managing the Core Road Network; (b) developing sustainable road maintenance financing options; (c) establishment of a State road development council to coordinate the various State road agencies; (d) preparation of a road master plan, including revision/update and implementation of the State road network classification system; (e) development of the road safety policy action plan; and (f) development of axle load control policy and strategy.

4. Implementation and monitoring of the Project.



**SCHEDULE 2**

**Project Execution**

**Section I. Institutional and Other Arrangements**

1. To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to the Project Implementing Entity in accordance with Borrower's standard arrangements for developmental assistance to the States of India.
2. The Borrower shall cause the Project Implementing Entity to take all necessary steps to ensure that all Project activities are implemented in accordance with the Schedule to the Project Agreement.
3. The Borrower shall protect the interests of the Borrower and the Bank to accomplish the purposes of the Loan.

**Section II. Project Monitoring, Reporting, Evaluation**

**A. Project Reports**

The Borrower, together with the Project Implementing Entity, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators agreed with the Bank. Each such report shall cover the period of each Fiscal Year quarter, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09(a) of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall, or shall cause the Project Implementing Entity to, prepare and furnish to the Bank as part of the Project Report not later than forty five (45) days after the end of each Fiscal Year quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) Fiscal Year of the Borrower, commencing with the Fiscal Year in which the first withdrawal under

the Project was made. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

**Section III. Procurement**

All goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of the Schedule to the Project Agreement.

**Section IV. Withdrawal of Loan Proceeds**

**A. General**

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocations of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Loan Allocated (Expressed in Dollars)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Civil works, goods, consultants' services, Training, R&R Assistance, and Incremental Operating Costs	246,375,000	80%
(2) Refund of the Project Preparation Advance	3,000,000	Amount payable pursuant to Section 2.07(a) of the General Conditions
(3) Front End Fee	625,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (c) of the General Conditions

(4) Premia for Interest Rate Cap and Interest Rate Collar	-0-	Amount payable pursuant to Section 2.07 (c) of this Agreement in accordance with Section 4.05 (c) of the General Conditions
TOTAL	<u>250,000,000</u>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount of \$10,000,000 equivalent may be made for payments prior to this date but on or after July 1, 2008, for Eligible Expenditures under Category (1).
2. The Closing Date is December 31, 2014.



**SCHEDULE 3**

**Amortization Schedule**

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each June 15 and December 15 Beginning June 15, 2014 through June 15, 2037	2.08%
On December 15, 2037	2.24%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
- (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the

principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## APPENDIX

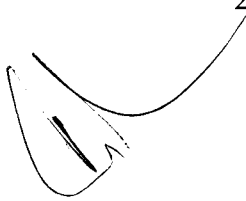
### Definitions

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006.
2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in May 2004, and revised in October 2006.
4. "Core Road Network" means the State of Orissa state highways and major district roads that have been designated as such by the Government of the State of Orissa, as the same may be amended from time to time.
5. "EMPs" means the corridor specific environmental management plans related to Phase I Roads, adopted by the OWD on August 30, 2007, and corridor specific environmental management plans related to Phase II Roads to be adopted by OWD, satisfactory to the Bank, setting forth the environmental management, mitigation, monitoring and institutional measures to be undertaken by the OWD during the Project, as such plans may be revised from time to time with the prior approval of the Bank.
6. "EMC" means the environmental management cell established within the PMU to manage and coordinate environmental aspects of road management, including project planning and preparation, supervision, monitoring, evaluation, reporting, documentation, training, and overall coordination with other State agencies.
7. "Financial Management Manual" means the financial management manual adopted by the OWD on \_\_\_\_\_, 2008, satisfactory to the Bank, setting forth the overall Project financial management arrangements in respect of Project flow of funds, accounting policies and procedures, chart of accounts, financial and accounting procedures, books of accounts, financial reporting, and internal controls, as the same may be revised from time to time with the prior approval of the Bank.
8. "Fiscal Year" means the Borrower's and Project Implementing Entity's fiscal year, beginning on April 1 of any calendar year and ending on March 31 of the following calendar year.



9. "GAAP" means the Governance and Accountability Action Plan, adopted by the Government of Orissa on \_\_\_\_\_, 2008, setting forth the key actions to be undertaken by the OWD, to strengthen governance, transparency, and accountability under the Project, as such plan may be revised from time to time with the prior approval of the Bank.
10. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated July 1, 2005 (as amended through February 12, 2008).
11. "HIV/AIDS Action Plans" means the plans included in the RAPs, setting forth the key policy and governmental actions required to address HIV/AIDS issues under the Project, as such plan may be revised from time to time with the prior approval of the Bank.
12. "Incremental Operating Costs" means incremental operating costs incurred by the OWD on account of Project implementation, management and monitoring, including salaries of non-civil service positions and consultancy costs, dissemination of Project related information, office rent and utilities, office and equipment insurance, maintenance and repair, vehicle maintenance and repair, travel, security, communication, bank charges, and other costs directly associated with the Project.
13. "ISAP" means the Institutional Strengthening Action Plan, adopted by Government of Orissa on June 9, 2008, setting forth the key policy and governmental actions required to modernize the OWD, and to improve the planning and financing framework for the road sector, as such plan may be revised from time to time with the prior approval of the Bank.
14. "ISAP Steering Committee" means the committee established by Government of Orissa on \_\_\_\_\_, 2008, chaired by the Development Commissioner, and whose members include representatives of the concerned agencies and departments, or any successor or successors thereto.
15. "OWD" means the Works Department of the Government of Orissa, or any successor or successors thereto.
16. "Phase I Roads" and "Phase II Roads" mean the roads referred to under Component A of Schedule 1 to this Agreement.
17. "PMU" means the project management unit established within the OWD to assist in Project implementation, or any successor or successors thereto.

18. "PPP Cell" means the unit within the PMU responsible for management of PPP roads under Component B.1 of the Project, or any successor or successors thereto.
19. "Procurement Guidelines" means the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004, and revised in October 2006.
20. "Procurement Plan" means the Project Implementing Entity's procurement plan for the Project, dated July 9, 2008, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as such plan shall be updated from time to time in accordance with the provisions of said paragraphs.
21. "Project Implementing Entity" means the State of Orissa.
22. "Project Preparation Advance" means the Project preparation advance granted by the Bank to the Borrower pursuant to the letter agreement signed on behalf of the Bank on March 8, 2006, and on behalf of the Borrower on March 30, 2006.
23. "RAPs" means the Resettlement Action Plans for Phase I Roads adopted by the OWD on November 6, 2007, and the Resettlement Action Plans for Phase II Roads to be adopted by the OWD, which include the HIV/AIDS Plans, and are satisfactory to the Bank, and which set forth resettlement, social, land acquisition, and tribal communities rehabilitation and assistance actions to be undertaken by the OWD under the Project, as such plans may be revised from time to time with the prior approval of the Bank.
24. "R&R Assistance" means resettlement and rehabilitation assistance provided by the OWD to eligible recipients in accordance with the terms and conditions set forth in the R&R Framework and the RAPs.
25. "R&R Framework" means the resettlement and rehabilitation policies and procedures adopted by the Government of the State of Orissa on March 1, 2007, addressing adverse temporary or permanent social impacts resulting, or likely to result, from the carrying out of the Project, and based on the Resettlement and Rehabilitation Policy adopted by the Government of Orissa in April 2006, as the same may be revised from time to time with the prior approval of the Bank.
26. "SMC" means the social management cell established within the PMU to manage and coordinate social impact, land acquisition, resettlement, and indigenous (tribal) people issues under the Project.
27. "State Level Empowered Committee" means the committee established by Government of Orissa and chaired by the Development Commissioner of the



Project Implementing Entity, and whose members include the Engineer-in-Chief-cum-Secretary of Works, Secretary Finance, Secretary Forest, Secretary Revenue, Chief Engineer (Roads), and Chief Engineer (World Bank Projects), or any successor or successors thereto.

28. "State of Orissa" means the State of Orissa of the Borrower.
29. "Training" means reasonable and necessary costs of training related to Project implementation, including the fees of educational or other institutions that provide training, costs related to attendance or organization of conferences, seminars and workshops, and the trainees' cost of travel, boarding, lodging and per diem allowances.





Final Negotiated Draft  
July 18, 2008

LOAN NUMBER \_\_\_\_\_

# Project Agreement

(Orissa State Roads Project)

between

INTERNATIONAL BANK

FOR

RECONSTRUCTION AND DEVELOPMENT

and

STATE OF ORISSA

Dated \_\_\_\_\_, 2008



## PROJECT AGREEMENT

Agreement dated \_\_\_\_\_, 2008, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and STATE OF ORISSA ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement of same date between India ("Borrower") and the Bank ("Loan Agreement"). The Bank and the Project Implementing Entity hereby agree as follows:

### ARTICLE I—GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Project Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

### ARTICLE II—PROJECT

- 2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall:
  - (a) carry out the Project through the OWD in accordance with the provisions of Article V of the General Conditions; and
  - (b) provide promptly as needed, the funds, facilities, services and other resources required for the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

### ARTICLE III—REPRESENTATIVE; ADDRESSES

- 3.01. The Project Implementing Entity's Representative is the Engineer-in-Chief-cum-Secretary, Works Department, Government of Orissa.
- 3.02. The Bank's address is:

International Bank for Reconstruction and Development  
1818 H Street, NW  
Washington, DC 20433  
United States of America

Cable:

Telex:

Facsimile:



INTBAFRAD                      248423(MCI) or                      1-202-477-6391  
Washington, D.C.                      64145(MCI)

3.03. The Project Implementing Entity's address is:

Orissa Secretariat  
Government of Orissa  
Bhubaneswar  
Orissa  
India

Facsimile:

91-674-239-16-51

AGREED at \_\_\_\_\_, \_\_\_\_\_, as of the day and year first above written.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By \_\_\_\_\_  
Authorized Representative

STATE OF ORISSA

By \_\_\_\_\_  
Authorized Representative



## SCHEDULE

### Execution of the Project

#### Section I. Institutional Arrangements and Project Undertakings

Throughout Project implementation or as specified below, the Project Implementing Entity shall:

- A. maintain the State Level Empowered Committee, and ensure that the State Level Empowered Committee provides the overall direction and governance authority for the Project, and has the composition and powers sufficient to fulfill its functions under the Project;
- B. maintain the ISAP Steering Committee, and ensure that the ISAP Steering Committee is responsible for the implementation of the ISAP, and has the composition and powers sufficient to fulfill its functions under the Project;
- C. maintain the PMU, EMC, SMC and PPP Cell and ensure that the PMU, EMC, SMC and PPP Cell, and the OWD field offices have officials, staff and resources required under the Project;
- D. ensure that the EMP and the RAP for Phase II Roads are prepared and adopted by the OWD in a timely manner, and are consistent and comply with the R&R Framework;
- E. ensure that the Project is carried out in accordance with the terms, conditions and procedures set forth in the ISAP, EMPs, R&R Framework, RAPs, HIV/AIDS Action Plan, Financial Management Manual, Anti-Corruption Guidelines and GAAP; and that the ISAP, EMPs R&R Framework, RAPs, HIV/AIDS Action Plan, Financial Management Manual and GAAP are not revised, amended, or abrogated without the prior approval of the Bank;
- F. ensure that the OWD carries out a traffic census and a vehicle speed survey on the Core Road Network every two years, with content and in a format satisfactory to the Bank, and publishes the results on the OWD website, with the first report due by March 31, 2010;
- G. ensure that the OWD carries out an annual roads condition survey of the Core Road Network, and provides a copy of the survey report to the Bank by March 31, with the first report due by March 31, 2010;
- H. carry out, with respect to the Project roads: (a) three user satisfaction and land use surveys, and produce reports for each survey, with the first (baseline) survey to be carried out and the report to be produced no later than June 30, 2009, the second survey to be carried out and the report to be produced no later than June 30, 2011, and the third survey to be carried out and the report to be produced no later than June 30, 2013; (b) one value engineering and quality review to be carried out and the report to be produced no later than June 30, 2010;
- I. by December 31, 2008, designate the most important State roads as Core Road Network, ensure earmarking of funds for such Core Road Network in the 2009-10 State of Orissa budget, and assign a separate Chief Engineer for managing the Core Road Network;

- J. by December 31, 2010, carry out the road sector institutional development study in accordance with terms of reference satisfactory to the Bank;
- K. by December 31, 2011, adopt a road sector policy taking into account the recommendations of the road sector institutional development study;
- L. by December 31, 2012, prepare a comprehensive road master plan covering roads under the OWD management, and revise and update the road reclassification system, taking into account the recommendations of the road sector institutional development study; and
- M. by June 30, 2013, adopt operation and management arrangements, including toll management arrangements, where appropriate, for the completed Project roads, taking into account the recommendations of the road sector institutional development study.

**Section II. Project Monitoring, Reporting, Evaluation**

**A. Project Reports**

- 1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators agreed with the Bank. Each such report shall cover the period of one Fiscal Year quarter, and shall be furnished to the Borrower and the Bank not later than forty-five (45) days after the end of the period covered by such report.
- 2. Notwithstanding the requirement in Section II.A.1 of this Schedule, within 24 months of Loan Agreement effectiveness, the Project Implementing Entity shall carry out a comprehensive mid-term Project review, and shall by December 31, 2010, prepare and furnish to the Bank a mid-term Project progress report, satisfactory to the Bank.
- 3. The Project Implementing Entity shall provide to the Borrower not later than five (5) months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions, all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

**B. Financial Management, Financial Reports; Audits**

- 1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements related to the Project in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.
- 2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Bank as part of the Project Report not later than forty five (45) days after the end of each Fiscal Year quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
- 3. The Project Implementing Entity shall have the financial statements referred to above audited by auditors acceptable to the Bank, in accordance with consistently applied

auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one Fiscal Year. The audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six (6) months after the end of the period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Schedule.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) National Competitive Bidding, and the additional provisions agreed between the Borrower and the Bank
(b) Shopping
(c) Direct Contracting

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

*Q*

*[Handwritten scribble]*

*BOR*

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Selection under a Fixed Budget
(b) Least Cost Selection
(c) Selection based on Consultants' Qualifications
(d) Single-source Selection
(e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(f) Sole Source Procedures for the Selection of Individual Consultants

**D. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.





**Financial Terms of IBRD Loans  
Worksheet for Loan Choices**

Country: <u>India</u>	
Project: <u>Orissa State Roads</u>	
Borrower: <u>India</u>	
Loan Amount: <u>US\$250,000,000</u>	
Spread	<input checked="" type="checkbox"/> Variable-Spread <input type="checkbox"/> Fixed-Spread
Currency	Please specify: <u>US DOLLAR</u>
Front-end Fee	<input checked="" type="checkbox"/> Financed out of loan proceeds <input type="checkbox"/> Borrower will pay up front from own proceeds
Semesterly Payment Dates	Please specify: <u>JUNE 15, DECEMBER 15</u>
Repayment Terms	<p>If Borrower selects Repayment Schedule Linked to Commitments: (Please complete the following)</p> <p>a. Grace period (years): <u>FIVE</u></p> <p>b. Total repayment term including grace period (years): <u>THIRTY</u></p> <p>c. Amortization pattern (please select one of the following)</p> <p>i. <input checked="" type="checkbox"/> Level Repayments    ii. <input type="checkbox"/> Annuity Repayments</p> <p>iii. <input type="checkbox"/> Bullet Repayments    iv. <input type="checkbox"/> Other Tailored Repayments</p> <p>If other, please specify _____</p>
	<p>or</p> <p>If Borrower selects Repayment Schedules Linked to Actual Disbursements: (Please complete the following)</p> <p>a. Grace period for each group of disbursements (years): _____</p> <p>b. Total repayment term for each group of disbursements (years): _____</p>
Conversion Options	<p><input checked="" type="checkbox"/> Borrower wants all conversion options in Loan Agreement</p> <p><input type="checkbox"/> Borrower wants only the following conversion options:</p> <p>i. <input type="checkbox"/> Currency conversions    ii. <input type="checkbox"/> Interest rate conversions</p> <p>iii. <input type="checkbox"/> Caps/Collars</p> <p>If Borrowers' choice includes Caps or Collars, please specify:</p> <p><input checked="" type="checkbox"/> Cap/Collar premium to be financed out of the loan proceeds</p> <p><input type="checkbox"/> Cap/Collar premium paid by borrower up-front</p>
	<p>For Fixed Spread (only)</p> <p><input type="checkbox"/> Borrower wants an automatic currency conversion upon disbursement into: Currency _____</p> <p>Variable Interest Rate _____ Fixed Interest Rate _____</p>
	<p>or</p> <p><input type="checkbox"/> Borrower wants an automatic rate fixing (ARF) arrangement</p> <p>If Borrower selects an ARF, please specify:</p> <p><input type="checkbox"/> By period (please check one): <input type="checkbox"/> 6   <input type="checkbox"/> 12   <input type="checkbox"/> 18   <input type="checkbox"/> 24 (months)</p> <p><input type="checkbox"/> By amount, please specify _____</p>
<p>Borrower's Rationale Statement for Choice of Loan Terms</p> <p align="center"><u>FLEXIBLE TERMS ARE BEING PUT TO USE</u></p>	

02/21/2008  
[Signature]  
16-7-08

[Signature]  
16/07/2008

[Signature]  
16/07/08

[Signature]  
16-7-08

**Attachment 4**

**Performance Monitoring Indicators**

<b>PDO</b>	<b>Project Outcome Indicators</b>	<b>Use of Project Outcome Information</b>
1. Remove transport bottlenecks in priority transport corridors for greater investment and economic and social development activities.	<p>1.1 vehicle operating costs (at constant input prices) in project corridors reduced as follows: Cars/LMV: From 4.3 to 3.6 Rs/veh-KM (15%) Trucks: From 10.2 to 8.8 Rs/veh-KM (14%) Buses: From 8.7 to 7.1 Rs/veh-KM (18%)</p> <p>1.2 vehicle speed in project corridors increased as follows: Cars/LMV: 45 to 60 KMPH (33%) Trucks: From 35 to 45 KMPH (29%) Buses: From 40 to 55 KMPH (38%)</p> <p>1.3 favorable response by firms about the condition of road corridors improved under the project</p> <p>1.4 OWD efficiency and transparency improved: (i) Operation and Maintenance arrangement for the Core Road Network put in place; (ii) core business functions fully operational; and (iii) OWD meets RTI disclosure requirements and implements the GAAP</p>	To assess the project's contribution to improve the state's investment climate
<b>Intermediate Outcomes</b>	<b>Intermediate Outcome Indicators</b>	<b>Use of Intermediate Outcome Monitoring</b>
1 Three priority road corridors improved in socially and environmentally sustainable way	<p>1.1 461 km of state highways widened and upgraded efficiently</p> <p>1.2 Environmental management plans effectively implemented</p> <p>1.3 Social safeguard measures (R&amp;R, TDP, HIV/AIDS Mitigation, and Road Safety Awareness program) effectively implemented in project corridors</p>	To assess the performance of the project and to redirect it, if necessary, to achieve the PDO
2. PPP in the Road Sector Introduced	2.1 One road identified for PPP is concessioned out to the private sector	To assess the performance of the project and to redirect it, if necessary, to achieve the PDO
3 OWD Core Business Units/Cells Fully Functional	<p>3.1 Road Asset Management, PPP Transactions, Road Safety and Environment and Social Management operational and execute annual business programs, and IT/ICT/MIS operational</p> <p>3.2 Milestones in GAAP and ISAP met</p>	
4 Conducive road sector policy put in place to govern the management, financing and safety of the road network	<p>4.1 Improved policy and legislative framework in place</p> <p>4.2 Sustainable road maintenance financing options studied and suitably completed.</p> <p>4.3 Road Safety Action Plan established and being implemented</p>	

Outcome Indicators	Actual Value	Target Values				Data Collection and Reporting			
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
1.1 vehicle operating costs in project corridors reduced by 15%	Baseline Cars Trucks Buses	4.29 10.22 8.70		15% 3.62 8.77 7.10		15% 3.62 8.77 7.10	Bi-Annual High Priority Network Condition Reports	RAMS	OWD/PMU
1.2 vehicle speed in project corridors increased from by 36%	Cars Trucks Buses	45 35 40		36% 60 km/hr 45 55		36% 60 km/hr 45 55	Bi-Annual High Priority Network Traffic Reports	RAMS	OWD/PMU
1.3 favorable response by firms about the condition of road corridors improved under the project	To be undertaken YR1			To be undertaken		To be undertaken	Baseline survey, MTR and EOP user satisfaction surveys	Survey	Independent Consultant
1.4 OWD efficiency and transparency improved: (i) Operation and Maintenance arrangement for the Core Road Network put in place; (ii) core business functions fully operational; and (iii) OWD meets RTI disclosure requirements and implements the GAAP.	To be undertaken YR1			To be undertaken		To be undertaken	User Satisfaction Surveys – every two years	Survey	OWD
<b>Results Indicators for Each Component</b>									
<b>Component 1 (Road I Corridor improvement Component)</b>									
1.1 461 km of state highways widened and upgraded efficiently	0%			204 km		461 km	Semi-annual progress report, Monthly reports, quarterly FMRs	In-house reporting, certification of quantities by CSC	OWD/PMU/CSC
1.2 Environmental management plans effectively implemented	0%			100% for Phase I		100% for Phase II	EOP report	In-house reporting	OWD/PMU
1.3 Social safeguard measures (R&R, TDP, HIV/AIDS Mitigation, and	0%			100% for Phase I		100% for Phase II	MTR and EOP report	Independent impact assessment	Independent Consultant

Road Safety Awareness program) effectively implemented in project corridors	Actual Value	Target Values					Data Collection and Reporting				
		Baseline	YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection	
<b>Intermediate Outcome Indicators</b>											
<b>Component 2 (PPP Enabling, OWD Modernization, and Policy and Institutional Framework)</b>											
2.1 One road identified for PPP is concession out to the private sector	Nil				1			1	Annual progress report	In-house reporting	OWD/PMU
3.1 Road Asset Management, PPP Transactions, Road Safety and Environment and Social Management operational and IT/ICT/MIS operational	Nil	RAMS/PPP Operational	ES operational	Road Safety Cell operational		IT/ICT/MIS 50 rollout	IT/ICT/MIS 100% rollout		Semi-annual progress report	In-house reporting	OWD/PMU
3.2 Milestones in GAAP and ISAP met	Nil		20%	60%		80%	100%		Study report and final report	In-house reporting	OWD/PMU
4.1 Improved Road Policy and Legislative Framework put in place	Nil			Study completed			Policy and Legal Framework approved by GOO		Study report and final report	In-house reporting	OWD/PMU
4.2 Sustainable road maintenance financing options studied and agreed by GOO	Nil			Study Completed			Road Maintenance Financing Option agreed and ready for implementation		Annual report	In-house reporting	OWD/PMU
4.3 Road Safety Action Plan put in place	Nil			Study completed			New Safety Policy approved; institutional arrangement put in place, and Action Plan Implementation started		Study report and final report	In-house reporting	OWD/PMU

Attachment 5  
Project Reports Format

Government of Orissa  
Orissa State Roads Project  
(IBRD.....-IN)

Project Expenditures as per AG Monthly Appropriation Accounts  
Period: \_\_\_\_\_ to \_\_\_\_\_

Demand No	07	Works Department
Major Head	5054	Capital Outlay on Roads and Bridges
Plan Sector	03	State Highway

Amount in Rs

Sub Head	Project Components/Sub Components	Fiscal Year Budget			Current Quarter			Expenditure Reported			Cumulative for the Project		
		General (337)	TSP (796)	SCSCP (789)	Total	General (337)	TSP (796)	SCSCP (789)	Total	General (337)	TSP (796)	SCSCP (789)	Total
1994	Road Improvement Component	957,492,000	242,085,000	227,811,000	1,427,388,000								
	Less: Prorata charges	132,068,000	33,391,000	31,422,000	196,881,000								
		825,424,000	208,694,000	196,389,000	1,230,507,000								
1995	PPP Component	29,888,000	7,557,000	7,111,000	44,556,000								
	Less: Prorata charges	4,122,000	1,042,000	981,000	6,145,000								
		25,766,000	6,515,000	6,130,000	38,411,000								
1996	ISAP and Operating Costs	55,846,000	13,708,000	12,895,000	82,453,000								
	Less: Prorata charges	7,702,000	1,891,000	1,779,000	11,372,000								
		48,144,000	11,817,000	11,120,000	71,081,000								
1997	Community development												
	Less: Prorata charges												
1998	Rehabilitation & Resettlement	50,105,000	12,668,000	11,321,000	74,694,000								
	Less: Prorata charges	6,911,000	1,747,000	1,644,000	10,302,000								
		43,194,000	10,921,000	10,277,000	64,392,000								
1999	Land Acquisition, utility shifting and other non eligible exp	93,930,000	24,192,000	22,787,000	140,909,000								
	Less: Prorata charges	12,956,000	3,337,000	3,143,000	19,436,000								
		80,974,000	20,855,000	19,644,000	121,473,000								
	<b>Total</b>	<b>1,023,502,000</b>	<b>256,802,000</b>	<b>243,560,000</b>	<b>1,523,864,000</b>								
		1,187,261,000	300,210,000	282,528,000	1,770,000,000.00								

Certified that the expenditures reported above are based on the AG Monthly Appropriation Accounts and that the funds have been used for intended purposes

Prepared by: \_\_\_\_\_  
Date: \_\_\_\_\_

Approved by: \_\_\_\_\_  
Date: \_\_\_\_\_

India: Orissa State Roads Project: Agreed Minutes of Negotiation, July 18, 2008

Orissa State Roads Project  
(IBRD.....IN)

Project Expenditures by Components and Activities  
Period: \_\_\_\_\_ to \_\_\_\_\_

Project Components/Sub Components	Expenditure Reported												Amount in Rs					
	Current Quarter						Year to Date						Cumulative to Date					
	Total expend reported	Eligible Expend		Ineligible Expend		Total	Bank Share	Eligible Expend		Ineligible Expend		Total	Bank Share	Eligible Expend		Ineligible Expend		
		GoO Share	Others	Pro Rata Charges	Others			GoO Share	Others	Pro Rata Charges	Others			GoO Share	Others	Pro Rata Charges	Others	
Road Improvement Component Civil Works - Year 1 - Package 1 - Brahmapara-Kheria - Year 1 - Package 2 - Chandrabali-Nandipur - Year 1 - Package 3 - Barampur-Talapani - Year 2 - Package 1 - Talapani - Rajapala - Year 2 - Package 2 - Rajapala - J.K Pur - Year 2 - Package 3 - Jagajpur - Chandrabali - Year 2 - Package 4 - Barampur Bridge Construction Supervision - Construction Supervision Year 1 (CRSP-C51) - Construction Supervision Year 2 (CRSP-C52) Consultants Others - Environment Advisor (ENV-ADV) - Social Advisor (SOC-ADV) PPP Component - PPP Transaction Advisor (CRSP-PTA) - PPP Transaction Advisor Phase 2 (CRSP-PTA2) - Independent Engineer for PPP (PPP-ENG0) I&OP and Operating Costs - Establishment of asset management system (CRSP-AMS) - Road Sector Institutional Development Study - IT/ICT MIS and MAE development (IT-ICT) - Revision of PMO Codes & Manuals, including procurement manuals (PROO REF) - Road User Satisfaction Surveys, Load Use Impact, and Quality Review (R-USER) - Hardware & Software for asset management - Training of O&M Staff Operating Costs - Books and manuals - Traveling expenses - Salary of PIU staff - Hiring of vehicles - Daily allowances for staff - Advertisement & Publications - Office Maintenance & Contingency - Office Furnishing - Furnishing Office space of PIU Unit - Procurement of IT equipment, upgrading etc Rehabilitation & Resettlement - Engagement of NGO (NGO) Payments to PAP Land Acquisition, utility shifting and other non eligible exp Land acquisition Environmental measures Utility Shifting Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Approved by: \_\_\_\_\_

India: Orissa State Roads Project: Agreed Minutes of Negotiation, July 18, 2008

Government of Orissa  
Orissa State Roads Project  
(IBRD .....IN)

Cash Forecast for Project Expenditures  
Period: \_\_\_\_\_ to \_\_\_\_\_

Project Component/Sub Component	Expenditure Reported										Amount in Rs	
	Quarter starting _____ ending _____					Quarter starting _____ ending _____						
	Bank Share	Govt Share	Total	Pro Rata Charge	Ineligible Expend Others	Bank Share	Govt Share	Total	Pro Rata Charge	Ineligible Expend Others		
<b>Total expenditure</b>												
0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Road Improvement Component</b>												
Civil Works												
- Year 1 - Package 1 - Bhawanipatna-Achar												
- Year 1 - Package 2 - Charamahal-Balaspur												
- Year 1 - Package 3 - Baramahal - Raipur												
- Year 1 - Package 4 - Baramahal - K. B. P.												
- Year 2 - Package 1 - Baramahal - Chakabala												
- Year 2 - Package 2 - Baramahal - Bargaon												
- Year 2 - Package 3 - Baramahal - Bargaon												
Construction Supervision												
- Construction Supervision Year 1 (ORSP-CS)												
- Construction Supervision Year 2 (ORSP-CS2)												
Consultants Others												
- Environment Advisor (ENV-ADV)												
- Social Advisor (SOC-ADV)												
PPP Component												
- PPP Transaction Advisor (ORSP-PTA)												
- Independent Engineer for PPP (PPP-ENG)												
- PPP Regulatory and Transaction Capacity Development (PPP-RTCD)												
IT/ITP and Operating Costs												
- IT/ITP												
- Establishment of asset management system (ORSP-AMS)												
- Road Sector Institutional Development, Planning, Safety and Financing Study (RS-IP-SAFC)												
- T/ICT, MIS and M&E development (T-ICT)												
- Revision of PWD Codes & Manuals, including procurement manuals (PROC REF)												
- Road User Satisfaction Surveys (R-USER)												
- Hardware & Software for asset management												
- Training of OWD staff												
Operating Costs												
- Books and manuals												
- Traveling expenses												
- Salary of PU staff												
- Hiring of vehicles												
- Daily allowances for staff												
- Advertisement & Publications												
- Office Maintenance & Contingency												
- Office furnishing												
- Furnishing Office space of PU Unit												
- Procurement of IT equipment, upgrading etc												
Realization & Reimbursement												
- Reimbursement (NGO/NGO)												
- Payments to PAP												
Land Acquisition, utility shifting and other non eligible exp												
- Land acquisition												
- Environmental measures												
- Utility Shifting												
<b>Total</b>												

Approved by: \_\_\_\_\_

**Government of Orissa  
Orissa State Roads Project  
(IBRD.....-IN)**

**Quarterly Financial Monitoring Report - (World Bank Funds requirement)**

Report for the quarter ended on \_\_\_\_\_

	(Amount in Rs)
World Bank Funds received by GoO till date	I 100
Total Project Uses till date	II 40
Less: Ineligible expenditures	III 5
Expenditures net of ineligible expenditures (II - III)	IV 35
World Bank Share @ XX% of the above	V 28
Funds Unutilized (I - V)	VI 72
Forecast for Project payments for the next 2 quarters (eligible expenditures)	VII 120
World Bank Share @ XX% of the above	VIII 96
Less: Funds Unutilized (same as VI above)	IX 72
Net Funds required ( VIII - IX )	X 24

**Notes:**

- (a) World Bank funds received by GoO as in (I) above will be obtained from the State Accounts
- (b) Total Project Uses till date ' II ' , will be the same as in Project Report Format IA, Column R Row 37 and Project Report Format 1B, Column L Row 75
- (c) Total Ineligible expenditures Project Uses till date ' III ' , will be the same as in Project Report Format IB, Column T Row 75
- (d) Total expenditures net of ineligible expenditures 'IV', will be the same as in Project Report Format IB, Column Q Row 75
- (e) World Bank share 'V', will be the same as in project Report Format IB, Column O Row 75
- (f) Forecast for expenditures for the next 2 quarters ' VII ' will be the same as in Project Report Format IC, Column Q Row 75
- (g) World Bank Share of forecasted expenditures for the next 2 quarters ' VIII ' will be the same as in Project Report Format IC, Column O Row 75

India: Orissa State Roads Project: Agreed Minutes of Negotiation, July 18, 2008

Government of Orissa  
Orissa State Roads Project  
(IBRD.....-IN)  
Commitment Tracking Report  
(for prior review contracts)

as at: \_\_\_\_\_

Project Component	Category (Works, Goods or Services)	WB Nos (if applicable) & Date of No Objection from Bank	Name of Supplier/Contractor/Consultant	Contract Award Date	Procurement Method followed for contract award	Contract			Advance (out of adjustments)	Value of Work done/Supplies received/Services delivered		Percentage of progress (%)	Financial Progress		Percentage of progress (%)			
						Amount - Original	Amount - Revised	Start Date		Close Date	Up to start of quarter		This quarter	Cumulative Value		Paid upto start of quarter	Paid this quarter	Total cumulative paid
<b>1</b>	<b>Road Improvement Component</b>																	
	Drill Works																	
	- Year 1 - Package 1 - Bhowanipala-Kherlar																	
	- Year 1 - Package 2 - Chandrabali-Aundhar																	
	- Year 1 - Package 3 - Behampur-Tigrahar																	
	- Year 2 - Package 1 - Tapasani - Rapanika																	
	- Year 2 - Package 2 - Rapanika - JK Pur																	
	- Year 2 - Package 3 - Jagdip - Chedbal																	
	- Year 2 - Package 4 - Binsasura Bridge																	
	Construction Supervision																	
	- Construction Supervision Year 1 (ORSP-CS)																	
	- Construction Supervision Year 2 (ORSP-CS2)																	
	Consultants Others																	
	- Environment Advisor (ENV-ADV)																	
	- Social Advisor (SOC-ADV)																	
<b>2</b>	PPP Component																	
	PPP Transaction Advisor (ORSP-PTA)																	
	- Independent Engineer for PPP (PPP-ENGG)																	
	- PPP Regulatory and Transaction Capacity Development (PPP-RTCD)																	
<b>3</b>	ISAP and Operating Costs																	
	ISAP																	
	- Establishment of asset management system (ORSP-AMS)																	
	- Road Sector Institutional Development, Planning, Safety and Financing Study (RS-IDP-S&FC)																	
	- IT/ICT, MIS and M&E development (IT-ICT)																	
	- Revision of PWD Codes & Manuals, including procurement manuals (PROC REF)																	
	- Road User Satisfaction Surveys (R-USER)																	
	- Hardware & Software for asset management																	
	- Training of OWD staff																	
	Operating Costs																	
	- Books and manuals																	
	- Traveling expenses																	
	- Salary of PIU staff																	
	- Hiring of vehicles																	
	- Daily allowances for staff																	
	- Advertisement & Publications																	
	- Office Maintenance & Contingency																	
	- Office furnishing																	
	- Furnishing Office space of PI Unit																	
	- Procurement of IT equipment, upgrading etc.																	
<b>4</b>	Rehabilitation & Resettlement																	
	Engagement of NGO (NGO)																	
	Payments to PAP																	
<b>5</b>	Land Acquisition, utility shifting and other non eligible exp																	
	Land acquisition																	
	Environmental measures																	
	Utility Shifting																	
	<b>TOTAL</b>																	

Approved by: \_\_\_\_\_

Prepared by: \_\_\_\_\_

India: Orissa State Roads Project: Agreed Minutes of Negotiation, July 18, 2008

Government of Orissa  
Orissa State Roads Project  
(IBRD.....-IN)  
Commitment Tracking Report  
(for post review contracts)

Project Component	Category (Works, Goods or Services)	WBR No. (if applicable) & Objection from Bank	Name of Contractor/ Consultant	Contract Award Date	Procurement followed for contract award	Contract			Advance amount (in US\$ mts)	Value of Work done/Supplies received/Service delivered			Financial Progress			Amount in Rs			
						Amount - Original	Amount - Revised	Start Date		Close Date	Up to start of quarter	This quarter	Cumulative Value	Percentage of progress (%)	Paid upto start of quarter		Paid this quarter	Total cumulative paid	Percentage of progress (%)
<b>1</b>	<b>Road Improvement Component</b>																		
	Civil Works																		
	- Year 1 - Package 1 - Bhubaneswar-Ghara																		
	- Year 1 - Package 2 - Chandrabali-Andalpur																		
	- Year 1 - Package 3 - Barampur-Tekapani																		
	- Year 2 - Package 1 - Tekapani - Rajpataka																		
	- Year 2 - Package 2 - Rajpataka - JK Pur																		
	- Year 2 - Package 3 - Jagatpur - Chandrabali																		
	- Year 2 - Package 4 - Barampur & Bridge																		
	Construction Supervision																		
	- Construction Supervision Year 1 (CRSP-CS)																		
	- Construction Supervision Year 2 (CRSP-CS2)																		
	Consultants Others																		
	- Special Advisor (ENV-ADV)																		
	- Social Advisor (SOC-ADV)																		
<b>2</b>	<b>PPP Component</b>																		
	- PPP Transaction Advisor (CRSP-PTA)																		
	- Independent Engineer for PPP (PPP-IEGG)																		
	- PPP Regulatory and Transaction Capacity Development (PPP-RTCD)																		
<b>3</b>	<b>ISAP and Operating Costs</b>																		
	- Establishment of asset management system (ORSP-AMS)																		
	- Road Sector Institutional Development, Planning, Safety and Financing Study (RS-IDP-S&F)																		
	- IT/ICT, MIS and M&E development (I-ICT)																		
	- Revision of PWD Codes & Manuals, including procurement manuals (PROCC REF)																		
	- Road User Satisfaction Surveys (R-USER)																		
	- Hardware & Software for asset management																		
	- Training of OWP staff																		
	<b>Operating Costs</b>																		
	- Books and manuals																		
	- Travelling expenses																		
	- Salary of PIU staff																		
	- Hiring of vehicles																		
	- Daily allowances for staff																		
	- Advertisement & Publications																		
	- Office Maintenance & Contingency																		
	- Office furnishing																		
	- Furnishing Office space of PI Unit																		
	- Procurement of IT equipment, upgrading etc.																		
<b>4</b>	<b>Rehabilitation &amp; Restatement</b>																		
	- Engagement of NGO (NGO)																		
	- Payments to PAP																		
<b>5</b>	<b>Land Acquisition, utility shifting and other non eligible exp</b>																		
	- Land acquisition																		
	- Environmental measures																		
	- Utility Shifting																		
	<b>TOTAL</b>																		

Prepared by: \_\_\_\_\_

Approved by: \_\_\_\_\_

India: Orissa State Roads Project: Agreed Minutes of Negotiation, July 18, 2008

Government of Orissa  
Orissa State Roads Project  
(IBRD.....-IN)

Physical and Financial Progress by Component

Component	Unit	Physical Progress		Financial Progress	
		This Quarter	Year to Date	This Quarter	Year to Date
<b>Road Improvement Component</b>					
<b>Civil Works</b>					
- Year 1 - Package 1 - Bhanuapalaa-Kharar					
- Year 1 - Package 2 - Chandrabali-Anandpur					
- Year 1 - Package 3 - Bentiampur-Talapani					
- Year 2 - Package 1 - Taplapani - Raipanka					
- Year 2 - Package 2 - Raipanka - JK Pur					
- Year 2 - Package 3 - Jagajpur - Chandballi					
- Year 2 - Package 4 - Bannachhara Bridge					
<b>Construction Supervision</b>					
- Construction Supervision Year 1 (ORSP-CS)					
- Construction Supervision Year 2 (ORSP-CS2)					
<b>Consultants Others</b>					
- Environment Advisor (ENV-ADV)					
- Social Advisor (SOC-ADV)					
<b>PPP Component</b>					
- PPP Transaction Advisor (ORSP-PTA)					
- PPP Transaction Advisor (OSRP-PTA2)					
- Independent Engineer for PPP (PPP-ENGG)					
<b>ISAP and Operating Costs</b>					
<b>ISAP</b>					
- Establishment of asset management system (ORSP-AMS)					
- Road Sector Institutional Development Study					
- IT/ICT, MIS and M&E development (IT-ICT)					
- Revision of PWD Codes & Manuals, including procurement manuals (PROC REF)					
- Road User Satisfaction Surveys, Land Use Impact, and Quality Review(R-USER)					
- Hardware & Software for asset management					
- Training of OWD staff					
<b>Operating Costs</b>					
- Books and manuals					
- Travelling expenses					
- Salary of PIU staff					
- Hiring of vehicles					
- Daily allowances for staff					
- Advertisement & Publications					
- Office Maintenance & Contingency					
- Office furnishing					
- Furnishing Office space of PI Unit					
- Procurement of IT equipment, upgrading etc.					
<b>Rehabilitation &amp; Resettlement</b>					
- Engagement of NGO (NGO)					
- Payments to PAP					
<b>Land Acquisition, utility shifting and other non eligible exp</b>					
- Land acquisition					
- Environmental measures					
- Utility Shifting					
<b>Total</b>					

**Attachment 6**  
**Draft Disbursement Letter**

**The World Bank**

24617241/24619491  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTBAFRAD INTERNATIONAL DEVELOPMENT ASSOCIATION  
P.O. Box 416

24619393

New Delhi Office

Telephone:

70 Lodi Estate  
New Delhi – 110 003

Cable Address:  
Mailing Address:

India

Facsimile:

Date of Loan Agreement

Mr. Shankar Banerjee  
Controller of Aid Accounts and Audit  
Department of Economic Affairs  
Ministry of Finance  
5<sup>th</sup> Floor, 'B' Wing  
Janpath Bhawan, Janpath  
New Delhi 110 001  
India

Re: IBRD Loan No. \_\_\_\_-IN

(Orissa State Roads Project)

Additional Instructions: Disbursement

Dear Mr. Banerjee:

I refer to the Loan Agreement between India (the "Borrower") and the International Bank for Reconstruction and Development (the "Bank") for the above-referenced Project, dated \_\_\_\_\_. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan No. \_\_\_\_-IN ("Loan"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, ("Disbursement Guidelines") (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

**(i) Disbursement Methods (section 2).** The following Disbursement Methods may be used under the Loan:

- Reimbursement
- Advance

**(ii) Disbursement Deadline Date (subsection 3.6).** The Disbursement Deadline Date is 4 months after the Closing Date specified in the Loan Agreement. Any changes to this date will be notified by the Bank.

## **II. Withdrawal of Loan Proceeds**

**(i) Authorized Signatures (subsection 3.1).** The Bank has received letter no. AAAD/Disb.II/Misc./IBRD/2006 dated April 19, 2006 from the Controller of Aid Accounts & Audit, Ministry of Finance, Department of Economic Affairs, Government of India attaching the specimen signature of the list of signatories authorized to sign withdrawal applications for Global Fund assisted Projects from Round II onwards. Whenever changes are necessary, a letter in the Form attached (Attachment 2) should be furnished to the Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank  
P.O. Box 416  
New Delhi 110 001, India  
Attention: India Country Director

**(ii) Applications (subsections 3.2 - 3.3).** Please provide completed and signed applications for withdrawal together with supporting documents, to the address indicated below:

The World Bank  
No. 11, Taramani Main Road  
Taramani, Chennai – 600 113  
India  
Attention: Ms. Samvita R. Aritkatla, Finance Officer

**(iii) Advance (sections 5 and 6)**

- **Type of Designated Account (subsection 5.3):** Segregated.
- **Currency of Designated Account (subsection 5.4):** U.S. Dollars.
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Reserve Bank of India, Mumbai, India.
- **Ceiling (subsection 6.1):** forecast for 2 quarters as provided in the quarterly Interim Financial Report.

## **III. Reporting on Use of Loan Proceeds**

**(i) Supporting Documentation (section 4).** Supporting documentation should be provided with each Application for Withdrawal as set out below:

- **For requests for reimbursement:**
  - Interim Un-audited Financial Report in the form attached (Attachment 3); and
  - List of payments against contracts that are subject to the Bank's prior review in the form attached (Attachment 4).

- **For reporting eligible expenditures paid from the Designated Account:**
  - Interim Un-audited Financial Report in the form attached (Attachment 3); and
  - List of payments against contracts that are subject to the Bank's prior review in the form attached (Attachment 4).

**(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3):** quarterly.

#### **IV. Other Important Information**

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the Bank's public website at <http://www.worldbank.org> and its secure website "Client Connection" at <http://clientconnection.worldbank.org>. Print copies are available upon request.

If you have not already done so, the Bank recommends that you register as a user of the Client Connection website (<https://clientconnection.worldbank.org>). From this website you will be able to download Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the Bank by email at [clientconnection@worldbank.org](mailto:clientconnection@worldbank.org).

If you have any queries in relation to the above, please contact Ms. Thao L. Nguyen, senior finance officer at [tnguyen@worldbank.org](mailto:tnguyen@worldbank.org) or another member of the Loan Department team in Chennai at [loadm-chennai@worldbank.org](mailto:loadm-chennai@worldbank.org) using the above reference.

Yours sincerely,

India Country Director  
South Asia Region

#### **Attachments**

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006.
2. Form for Authorized Signatures.
3. Form of Un-audited Interim Financial Report
4. Form of Payments Against Contracts Subject to the Bank's Prior Review

CC: Er. Jayamangal Nayak  
Chief Engineer  
Project Management Unit  
Orissa State Roads Project  
Works Department, Government of Orissa  
Nirman South, Unit-V, Bhubaneswar - 751001  
State of Orissa, India

Fax no.: 0674 2391476  
Office phone no.: 0674 2396783  
Home phone no.: 0674 2570973  
Email address: [piuosrp@gmail.com](mailto:piuosrp@gmail.com)

[Letterhead]  
[Ministry of Finance]  
[Street address]  
[City] [Country]

[DATE]

The World Bank  
P.O. Box 416  
New Delhi 110 001, India

Attention: India Country Director

Dear India Country Director:

Re: Loan No. \_\_\_\_-IN (Orissa State Roads Project)

I refer to the Loan Agreement ("Agreement") between India (the "Borrower") and the International Bank for Reconstruction and Development (the "Bank"), dated \_\_\_\_\_, providing the above Loan. For the purposes of Section 2.03 of the General Conditions, as defined in the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower to sign applications for withdrawal [and applications for a special commitment] under this Loan:

[Name], [position]      Specimen Signature: \_\_\_\_\_

[Name], [position]      Specimen Signature: \_\_\_\_\_

[Name], [position]      Specimen Signature: \_\_\_\_\_

Yours truly,

/ signed /

\_\_\_\_\_  
[Position]

---

<sup>1</sup> Instruction to the borrower when sending this letter to the Bank: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply.

