

October 13, 2009

Mr. Tarun Kanti Mishra  
Chief Secretary  
Government of Orissa  
Secretariat Building  
Bhubaneswar 751 001

Dear Mr. Mishra:

INDIA: Orissa State Roads Project (Loan Number 7577-IN)  
First Implementation Support Mission, September 7-15, 2009

We thank the Orissa Works Department (OWD) and the Government of Orissa (GOO) for the support extended to the Bank team that undertook the 1<sup>st</sup> implementation support mission of the above captioned Project. The mission visited the sites of ongoing civil work contracts and held extensive discussions with the project staff, OWD senior management, contractors and consultants. The attached Aide Memoire summarizes the mission's findings and agreements reached on a time bound action plan.

In comparison to similar projects being implemented in other states, the Orissa State Road Project is a fairly simple project comprising of widening of about 460 km of roads, a few institutional strengthening activities and a small component for enabling Public-Private Partnerships (PPPs). As such, implementation of this project seems well within the capacity of the OWD, which has vast experience in road construction projects. Despite this, the progress of implementation of all components has been insignificant and thereby has attracted "unsatisfactory" rating for the project in its very first year of implementation. I would like to take this opportunity to draw your attention to certain major areas of concern identified during the mission.

First, the project is already facing inordinate delays in completing the Land Acquisition and Rehabilitation and Relocation (R&R) activities and handing over encumbrance free land to contractors for undertaking physical works. As you are aware, these delays in pre-construction activities can amount to large contractual claims against the GOO.

Second, we noted with concern the weak control and project management by the Project Management Unit (PMU), which is causing significant delays in decision making on various critical issues including procurement of required external services for R&R and day-to-day contract management issues. There is an urgent need to strengthen the Project Management by OWD and reassess the task assignment of existing staff at PMU, including ensuring more field presence.

Third, there is a visible and acute lack of coordination and common understanding of the Contract Management Framework by PMU, Consultant and Contractors, which is causing non-compliance and lapses in implementing quality assurance, environment management, health and safety provisions as stipulated under the contract by the contractors as well as weak contract management and enforcement on part of the Supervision Consultants.

Fourth, the progress with regard to various institutional strengthening initiatives – which form core of the objectives underpinning the Bank's engagement with the GOO - also has been very slow. There is an urgent need for establishing dedicated OWD arrangements to drive and lead the implementation of these initiatives.

The mission has agreed on an action plan (refer to Annex 1 of the Aide Memoire) to address various implementation issues, including those discussed in this letter. I have requested my colleagues to closely monitor the progress of this plan during the next three months and provide all necessary implementation support to the OWD to resolve current issues. For this purpose, we have also engaged services of three industry consultants to frequently visit the project and support OWD.

We firmly believe that concerted efforts by PMU, under a strong leadership, and the OWD is key to accelerate the pace of implementation of the works component as well as the institutional strengthening initiatives. In order to achieve this in practice, we request you to review the progress of the project at frequent intervals, at least until it recovers the lost ground and picks up pace. My colleagues and I would be happy to attend such review meetings, if required.

Should you require any clarifications, please do not hesitate to contact me or Mr. Rajesh Rohatgi, the Task Team Leader of the project at the World Bank.

With regards,

Yours sincerely,



Roberto Zagha  
Country Director, India

Encl:

cc: Mr. S. P. Nanda, Development Commissioner-cum-Addl. Chief Secretary, GOO  
Mr. Bijay Kumar Patnaik, Private Sescretary to Chief Minister  
Mr. S. K. Ray, Secretary, Orissa Works Department, GOO  
Mr. Anuj Arora, Director, Department of Economic Affairs, Ministry of Finance  
Mr. J. Nayak, Chief Engineer World Bank Project, Orissa Works Department, GOO

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*IRIS Files*

## INDIA

### Orissa State Roads Project (Loan Number 7577-IN)

#### First Implementation Support Mission (September 7 - 15, 2009)

#### Aide-Memoire (AM)

## I. INTRODUCTION

1. A World Bank team<sup>1</sup> visited the State of Orissa to undertake the first implementation support mission for the Orissa State Roads Project over the period September 7 – 15, 2009. The objective of the mission was to review the implementation progress of the project and support the Government of Orissa (GOO) to resolve issues affecting its progress. The mission held discussions with senior officials of GOO including from the Orissa Works Department (OWD). The mission also visited all project sites and held discussion with the local JV partner of the contractors, consultants, field divisions and project management unit (PMU). Earlier to this mission, the Bank undertook two interim support missions in March and June 2009.

2. The mission expresses appreciation to the GOO for the kind support extended to the World Bank team and in particular to the EIC-cum-Secretary, OWD and the PMU for their active engagement and cooperation during the entire mission.

3. A wrap-up meeting was held and chaired by the Development Commissioner-cum-Addl. Chief Secretary, GOO on September 15, 2009. The wrap up meeting was also attended by the members of the State Level Empowered Committee. The mission also met with the Principal Secretary to the Hon'ble Chief Minister and briefed him on the progress of the project.

4. This aide-memoire summarizes the findings, recommendations and agreements reached during the mission. A mutually agreed action action plan is shown in **Annex 1**.

## II. KEY PROJECT DATA & PERFORMANCE RATING

Key Project Data	Project Performance		
<i>Loan Amount:</i> US\$ 250 million	<i>Summary Ratings</i>	<i>Last</i>	<i>Now</i>
<i>Board Approval:</i> Sep 30, 2008			
<i>Effectiveness Date:</i> April 15, 2009	Development Objective	N/A	MS
<i>Project age:</i> 12 Months	Implementation Progress	N/A	MU
<i>Closing Date:</i> December 31, 2014	Risk Flags: Project Management, Environment Management, Social		
<i>Disbursed:</i> US\$ 4.71 million (2%)	Safeguards, Disbursement Lag		
<i>Loan Committed:</i> 28%			

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

<sup>1</sup> Consisting of messrs/mmes Rajesh Rohatgi (Mission Leader), T Sri Kumar (co-TTL and PPP Specialist), A.K. Swaminathan and Amrit Inder Singh (Transport and Highway Specialists), Mohammad Hasan & Geetika Hora (Social Development Specialists), Manvinder Mamak (Financial Management Specialist), Neha Vyas, & Abhas Panda (Environmental Specialists), Ernst Huning (Institutional Specialist) and Yash Gupta (Procurement Specialist).

### III. SUMMARY

5. **Achievement of Project Development Objective (PDO):** The project's overall development objective is to remove transport bottlenecks in targeted corridors for greater investment and economic and social development activities in the state of Orissa. Although, it is early to realize outcomes and monitor the indicators, based on the progress made towards procurement of all Phase I works, the likelihood of achieving the PDO is rated as 'Moderately Satisfactory'.

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

- **No Progress on Civil Work Contracts** There has been no physical progress in any of the three Phase I contracts, while it is almost over 8 months since these contracts were awarded. The lack of progress can be attributed to (a) the contractor's poor planning, and mobilization; (b) weak project management by the PMU resulting in delays in pre-construction activities; and (c) inadequate mobilization by the consultant.
- **Overall control, monitoring and Project Management is weak** The mission noted with concern that the weak project management at the senior levels of the PMU, combined with poor performance of the contractors and supervision consultants, has resulted in unsatisfactory state of affairs right at the beginning of the project. All minor day-to-day issues have been referred to the Government level, indicating lack of proactivity and slow decision-making at the PMU. The mission shared these concerns with the senior officers of the state government including the Development Commissioner, Principal Secretary to the Hon'ble Chief Minister and the EIC-cum-Secretary Works and urged them to expeditiously address these issues and suggested following measures
  - Clarify the delegation of the Project Director (PD) as the 'Employer' under the works contract and financial powers under consultancy contracts with issuance of a Government Order, enabling timely and prompt decision by the PD in accordance with the agreed Project Finance Manual;
  - Rationalize the responsibilities among the Executive Engineers at the PMU level;
  - For each of the three corridors, assign a dedicated team headed by an Executive Engineer (EE), with supporting Assistant Engineers (AE)/Junior Engineers (JE), to exclusively manage the pre-construction activities as well as to act as the Employer's representative at the work site;
  - Contract NGOs to facilitate implementation of LA and R&R component of the project
  - Hire a procurement and contract management specialist to advise the PMU exclusively on these issues and assign two supporting staff to exclusively deal with works and consultancy services contracts;
  - Constitute a panel of legal specialists for addressing issues on contract management, land acquisition, concession management for PPP roads etc.
- **Slow Progress on Pre-Construction Activities** The mission expressed serious concern for inordinate delays in completing the LA process, payment of compensation and handing over of land to contractors for undertaking physical works. The mission pointed that due to delays in providing encumbrance free stretches to contractors, the project implementation schedule would be seriously impacted.
- **Lack of coordination and common understanding of the Contract Management Framework by PMU, Consultant and Contractors.** The mission noted with concern that all three parties lack sufficient understanding of their obligations under the conditions of contracts and accordingly, urged early finalization and issuance of the Contract Management and Quality Assurance Manual. The mission also proposed to organize a visit of the PMU staff to the Punjab State Road Sector Project

funded by the World Bank to provide them on the job training on these aspects and organize contract management trainings.

- **Implementation of the Institutional strengthening measures and Governance and Accountability Action Plan (GAAP) needs more emphasis and attention by GOO.** The mission noted with concern that action needed on most of the key elements of the Institutional Strengthening as well as the GAAP is lagging, due to delays in engaging required external services and lack of dedicated OWD arrangements to drive and lead the implementation of these programs. While recent GOO-wide efforts have resulted in e-Procurement capabilities, there has been no other significant action on the IT-ICT-MIS targets for OWD.
- **Non-compliance and lapses in implementing environment, health and safety provisions as stipulated in the EMP by the contractors and weak contract management and enforcement on part of the Supervision Consultants**

### **Road Corridor Improvement Component :**

#### **Phase-1 Roads**

7. The mission expressed its serious concern over the slow progress in land acquisition, R&R, utility shifting etc, which is very much behind schedule. The delay in handing over encumbrance free land to the contractor as per the schedule mentioned in the contract documents might lead to contractual claims and delays. Based on the previous mission's advice, the PMU, Supervision Consultants (SC) and the contractors have discussed and swapped some of the handing over milestones, to enable the contractors to commence works. However, it was noted by the mission that the contractor has not accepted the revised milestone and no road works have commenced yet. However, following the discussions during the mission and in the spirit of expediting progress in first milestone - OWD, SC and the Contractor have agreed to start construction of embankment and main carriageway in the non-built-up sections, where LA and R&R within the embankment toes are not required. On the basis of a tripartite joint inspection and consequent minutes, the Engineer could issue instructions for commencement of works in such stretches. However, the efforts should continue by the OWD to acquire all required land as per the original plans for all the road stretches to enable the corridor of impact to be free of encumbrances and enable construction of roadside appurtenances like side-drains, hand rails, service roads etc.

8. *Construction Supervision Consultants* It was very disappointing to note that the international firm selected for supervision, has not fully mobilized. The Team Leader has resigned and there is an urgent need for quick substitution as per the provisions of the contract. The absence of this key position is severely affecting the overall progress of the project. In addition to the team leader, environmental officers and some other key/sub-key personnel have also not yet been mobilised/re-mobilised. The mission noted with serious concern the issue of degree certification verification of the team leader, which is still developing. The mission urged PMU to keep the Bank update on this issue. No final payment will be made unless the contractor completes construction of roadside appurtenances.

9. The mission was informed that the PMU is reviewing and approving the mobilization of consultant's staff on monthly basis as well as deducting the remunerations of staff for weekends. These actions are against the spirit of the consultancy agreement and needs to be rectified on urgent basis. It was agreed with the Secretary, GOO that the consultant should not be required to seek such confirmation every month. The mobilisation of the key and sub-key staff of the consultant would be as per an initial agreement of staffing schedule with the client and then would not require any confirmation thereafter-unless the performance of the person/s is not satisfactory. The support staff requirement could be reviewed every 3 months by the OWD to suit the progress of works. Similarly, payment for weekends would need to be made by OWD/PMU on the basis of the costing done by the consultant in the final agreement by the consultant. If required, amendments/clarifications to the contract may be done and got

approved by the Bank. However, the above decisions would not absolve the consultant of the need to submit attendance sheets at least once a month to enable payment of its fees.

10. Despite over 8 months of presence on the site, contractors have not fully mobilized machinery and manpower requirements, stipulated under the contract. There is a need for contractor to submit the CVs of key professional for approval by the Engineer and submit a detailed equipment list with year of manufacture, capacity etc. All equipment and machineries should be marked with the name of the JV, enabling the supervision by the Engineer of their movements/utilization.

11. The mission was also concerned to note during the site visits that (i) insufficient efforts are being made by the contractors to undertake maintenance of road sections to keep them in a motorable state; (ii) very little progress is being made in the construction of CD structures since these works do not usually need LA/R&R and utility shifting; and (iii) there seems to be no marking on roadside trees to be saved from cutting. The SC needs to push the contractors in these directions to enable showing of some progress at work sites. The safety aspects during construction are being grossly ignored at the site and the SC will now need to issue a final warning and start to impose penalties provided for in the contract. It would not be possible for the Bank funded projects to tolerate such violations of road maintenance, construction and traffic safety and environmental stipulations provided for in the contracts and specifications.

12. All the 3 contractors would now have to submit a updated resourced based work plan, which the Engineer would have to review/approve based on the ground realities and the handing over of land situation agreed to by the OWD. This review/approval of the Engineer needs to be completed by September 30, 2009.

13. The participation of the lead partners of the JV firms have been reported as minimal in spite of the JV agreement stating a much larger participation level. This seems to be one of the reasons for the poor cash-flow and resource mobilisation being observed at the site. This situation is unacceptable to the Bank and the mission has once again very strongly advised the OWD/PMU, the Supervision Consultant (SC) and the contractors that corrective actions need to be taken under the contract management framework to rectify the situation. During discussions it was made clear to all the three parties i.e. OWD, SC as well as the contractors that these contractors have been qualified based on the joint strength and capabilities of JV and hence the JV agreement between the two partners is sacrosanct except for some minor changes being allowed.

14. All project sites must have Project Information Board at the start and end of the site and exhibit contract amount, name and contact details of all parties as well as the project timelines. There is also a need to establish a comprehensive Complaints handling system and maintain a register both at PMU and field level. Any stakeholder should be able to record its complain if he/she feels dissatisfied with any aspect of the project. The mission also informed that complains can also be made to the Bank, which the Bank might take up for further investigation. The grievance redressing and handling complaints is currently weak in the PMU.

15. As agree during the June 2009 interim mission, Bank has received and reviewed the RFIs. Following were some observations and comments

- Only few RFIs have unique reference numbers and there is no continuity. It is suggested that the RFI are numbered contentiously and each RFI shall have a unique number and the same shall not get repeated. In the absence of it, there is a possibility of submission of RFI for the same work in the same stretch many times. This is happening in the present contracts also as seen from the list.
- Some of the RFI pertains to the work was disapproved since the work is not satisfying the specification requirement. In such a case the Engineer of SC should issue Correction Action Request (CAR). Based on which the Contractor shall submit Non Conformance Report (NCR). It is advised to follow this method to have effective quality assurance.

- When the Contractor submits fresh RFI for the rectified work, it is to be mentioned as resubmitted RFI. The Bank had already shared sample format of CAR and NCR with the PMU. This shall be followed strictly in future.
- For some of the RFI the measurements/ level sheet were not attached. Since the checking is carried out both on quality and quantity these shall be enclosed to each RFI and the same to be ensured.
- Some of the RFIs were disapproved, without mentioning reasons.

16. The mission was happy to note that as a consequence of discussions held during the previous missions, a basic contract management framework for the submission and approvals of all the RFIs and other decisions have now been agreed upon and is being actually implemented at site. The mission was advised that all correspondence between the contractors and consultant are being copied to the Employer i.e. the PD of the OWD – either electronically or through a fax hard copy immediately, for information and records. However, a decision is still pending on some structures and works completed by the contractor without submission of RFIs and without approval of SC. This needs to be tackled as soon as possible.

17. Decision is yet to be communicated on the two issues which the Bank team had raised with the PMU during the last mission-

- Consider whether there was a need to take the road northward for 8 km beyond Anandpur junction. This stretch could be deleted and instead the junction could be improved along with the improvement of the 100m stretch up to the bridge; and
- At the Tel bridge, the guide bund details for the meandering river has not been provided in the DPR drawing. Whether this was intentional or just a slip. If it was a mistake, the SC should be asked to rectify the situation to ensure that there is some way to channelize the river into the bridge spans.

18. The contractors have yet to obtain the necessary licenses and permits for quarrying and establishing crusher/batching plant sites in some of the contracts. This was also pointed out in the last mission and no corrective action has yet been taken by the contractor. Instead, it was reported that the plants were being operated and materials being taken out for use in other projects. It was also observed by the mission during site visits that construction of layers of the road had apparently commenced by the contractors without approval of the Engineer. This is not acceptable to the Bank and if the quality procedures have not been followed; the appropriate remedial actions for improving quality or even rejecting these works should be seriously thought of by the Engineer/Employer. During the site visits it was pointed out to the mission that the contractors' camp and the WMM plant which were set up in violation of the stipulations of the country and the EMP would be dismantled and removed.

### ***Phase-2 Roads***

19. Considering the slow progress on LA/R&R and utility shifting in the Phase-1 contracts, the Bank team advised the OWD/PMU, that it would not be in a position to allow invitation of bids till it is confident that encumbrance free land for at least 40% of the contract length in stretches of continuous length of at least 10km would be available for upgrading works when the contract is signed. It was also advised that the contract documentation would be modified to indicate to the contractor that the entire stretch would be handed for maintenance works but major upgrading/strengthening/widening works can only be undertaken in a sequential manner (with specific chainages mentioned). Also the mission advised that the SC procurement be put on hold for the time being till the Phase 1 start working properly and all land required for the same is handed over to the contractors.

20. The construction of the Bansadhara bridge on the Bank financed Behrampur-JKPur road corridor has now been taken out of the works enlisted for Bank financing and has been proposed for NABARD funding. This bridge was washed out during the previous year's floods and needs to be

reconstructed and had been provided for under our Bank loan as a design-build pilot. The mission was informed that after extensive hydrological investigations by CWPRC, Pune, a decision has been taken to re-align the approaches and construct a longer bridge. The Bank mission also reminded the OWD, once again, that even if it is financed by another agency, the fact that it falls on the Bank financed corridor and was part of this project, would mean that the safeguards aspects would have to be reviewed and cleared by the Bank.

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

21. *PPP Enabling Support* Mission reviewed the progress of various activities related to the three roads – namely, Sambalpur-Rourkela road (165 km), Joda-Bamberi road (18 km) and Koira – Lahunipara road (46 km) - being developed on PPP basis, with assistance from the Transaction Advisory consulting consortium comprising of M/s Price Waterhouse Coopers and M/s LASA. While the preparatory work on each of these projects is progressing, albeit behind schedule, the prospects of developing these projects as PPPs is likely to be significantly affected by a notable shift in the government’s plans with respect to tolling. The mission was informed that the government has decided against the earlier proposal of collecting differential (higher) tolls from mining vehicles. Expectedly, this decision has significant implications on the commercial viability in case of Joda-Bamberi and Koira-Lahunipara corridors – the two roads with substantial mining-related traffic. Moreover, vehicles bearing Orissa registration numbers are still not paying tolls on National Highway projects, and, this too, is likely to significantly dampen investor appetite for participating in Orissa state highway PPP projects. Here, it is important to note that competition is one of the key drivers of efficiency in PPP projects. In the absence of competition (and participation of genuine private investors), the concessioning authority is likely to run the risk of locking itself in an inefficient deal, either with a higher viability gap support commitment or longer concession periods or, worse, selecting a “rogue investor” who submits a lower bid with an eye on renegotiation at a later date.

22. In order to mitigate the aforementioned risks, the government would have to structure its PPP transactions in a way that encourages participation of more genuine investors. Towards this end, at the least, it should pronounce a credible toll policy, backed by legislative approval. Concomitantly, to mitigate the risk of capture by rogue bidders, OWD could consider applying stringent criteria for qualification as well as insisting on a higher level of performance security. Finally, it should develop a back-up plan if the viability gap support requirement for any of these projects is likely to be higher than 40% of the total project cost. For example, it could consider fixing the viability gap support ex-ante and choose an alternative bidding criteria such as, for example, the length of the concession period. In that case, since it is not clear whether the Government of India would extend the viability gap support under the prevailing guidelines, the state government would have to initiate a dialogue to seek suitable exemptions.

23. Alternatively, it would have to consider other avenues for meeting the viability gap support requirements. In this context, the mission was informed that the government is considering development, maintenance and tolling of Joda-Bamberi road on its own, through raising loan from other sources such as NABARD. The government may want to eschew this idea as it is prone to several risks ranging from the usual time and cost overruns in traditional Bill-of-Quantities (BoQ) type procurement to reduced resolve of government to impose tolls at a subsequent date and, at the same time, to provide sufficient resources for the maintenance of the road. Also, it is noteworthy that the apparent decrease in commercial viability of this road is mainly due to its own decision of not applying higher level tolls to mining vehicles and,

even at such a lower level of commercial viability, it could still harness the benefits of private participation provided it is willing to bridge the viability gap.<sup>2</sup>

24. The mission was informed by the transaction advisory consultants that the latter's work with regard to each of the three PPP roads is taking longer than expected as they are awaiting clarifications or clearance on certain critical matters, viz., Right-of-Way ownership issues in case of Koira-Lohanipada road, freezing of technical design specifications in case of other roads (e.g., Rengalli bypass in Rourkela-Sambalpur road). Also, the consultants informed that they are awaiting response to their proposals for variations in the contract to take care of the additional expenses on account of inflation as well as for professional services rendered on related issues like toll policies and toll act, which were beyond the scope of the terms of reference. The team requested OWD to expedite their responses and directives to the consultants on each of these pending matters so as to expedite progress of the preparatory work pertaining to all the three roads.

25. *Institutional Strengthening Action Plan (ISAP):* While some ISAP targets are being addressed through separate GOO initiatives e.g. Tolling policy; draft Roads Act and; *e-procurement*, implementation of the main ISAP agenda is generally delayed by slow action on engagement of consultancy and technical services, and by the absence of dedicated OWD resources and functions to 'drive' the IS process, apart from the PMU. To resolve the latter, OWD management has agreed that by end-2009 – (i) overall IS 'lead responsibility' will be assigned to an appropriate Engineer-in-Chief or Chief Engineer officer in the Department; (ii) A supporting full-time "IS Cell" will be initiated and; (iii) a part-time ISAP Working Group, comprising OWD staff and representatives from other GOO departments will be activated. These arrangements and resources should be maintained for at least the Project period, to guide the evolving IS agenda and oversight ISAP related consultancies to ensure the output quality and effectiveness in those services. The mission has provided OWD with examples of TOR and organizational ideas to assist action in this regard.

26. The mission was informed that the procurement of the main consultancy services for ISAP and Governance and Accountability Action Plan (GAAP) implementation support is in advance stage. It was agreed that the OWD will submit the technical evaluation report by the end-September 2009 to the Bank for review / clearance. Meanwhile the OWD needs to approach the firms who have submitted proposals to seek an extension of their bid validity. Mobilisation of the selected consultants is expected by February 2010.

27. *Governance & Accountability Action Plan* From a limited review of the GAAP implementation, the mission was pleased to note that the action on 'RTI compliance' elements is generally proceeding satisfactorily. The mission noted that comprehensive and current information on the Project and its implementation is publicly available via the OSRP website. The mission suggested that this information may also be lodged onto the state-level IT portal for improved public access. Action is however still lagging on matters that are important in the overall Project strategy and its Governance and Accountability goals, such as development of 'on-line' public query and complaints facilities on the Project and OWD websites, and engagement of external resources for the required "3rd party Quality Monitoring" of project works. The present arrangements for shared PMU / OWD Secretariat support to GAAP implementation are proving only partly effective, and it was agreed that improved capacity for GAAP responsibilities will be provided in the main OWD organization by end-2009 to improve reporting on GAAP progress indicators and any responding actions. Meanwhile, it was agreed that a

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<sup>2</sup> Yet another possibility is, if the government is willing to consider raising additional revenues from the mining traffic – say, through a separate levy on the operations of mining companies – it could credibly ring-fence those revenues in a fund and then utilize the proceeds from that fund to make availability-based payments to roads predominantly serving the mining-traffic. In such a scenario, predominantly "mining" roads such as Joda-Bamberi and Koira-Lahunipada could be structured as annuity-type PPPs.

comprehensive review of the GAAP implementation will be undertaken during the proposed interim mission in December 2009.

28. *Baseline Data Requirements* In various elements of the ISAP, the GAAP and the Result Monitoring Framework, effective monitoring and reporting (and in some cases, evaluation) is dependent on data being collected by the OWD at agreed intervals in the Project term. At this stage, action still needs to be taken to (e.g.) initiate the first round of the required Road User Satisfaction Surveys (RUSS), to gather baseline data on agreed GAAP progress indicators and to collect OWD-centered data on various technical, administrative and operational factors for assessment later in the project period of ISAP results and impacts. Significant further delays in capturing such data will jeopardize its value in the determination of the respective “start of Project” benchmarks and conditions in each case. It was agreed that PMU action to engage external resources for the RUSS (covering essentially the CRN) will be finalized for Bank review by end-November 2009. It was further agreed that the PMU will finalize a separate proposal by end-November 2009 for the engagement of other external resources to undertake a combined ‘baseline data’ collection required for ISAP, GAAP and the result monitoring framework (likely to have some overlap). The mission has provided the PMU with relevant documents and Term of Reference (TOR) to guide the scoping of the IS aspects of this data collection.

29. *IT-ICT-MIS Strategy, Action Planning & Support:* There is still no progress on the development of an OWD-specific IT-ICT-MIS Strategy. The matter is awaiting an IT Department / OCAC response on the OWD request for provision of their IT expertise on a ‘single-sourcing’ basis for this task. In the event that such expertise is not available in time to commence this task before end-2009, it was agreed that the OWD will take prompt steps to avail itself of the IT expertise being offered under an ILFS-managed GOO-wide IT services facility recently announced by the IT Department, with the aim getting the draft Strategy produced by end-March 2010. The mission also advised the PMU to seek access to the ILFS-managed facility for action on the growing PMU needs for local IT improvements and on-site support (e.g. to further develop PMU networking capability and for the remaining OSRP / PMU website functions and features).

30. *Road Asset Management System* Mission discussed with PMU the revised ToR for the services, modified based on Bank’s comments. The PMU mentioned that it would like to introduce certain contractual clauses in the draft RFP document which were not as per the standard documents of the Bank. The mission advised the PMU to seek confirmation for this change from the procurement specialist of the Bank before finalising the RFP document. The finalised RFP document could then be sent to the Bank for its non-objection to enable inviting of proposals.

31. **Progress Monitoring and Reporting:** The mission held discussions with PMU regarding the need to monitor and report the overall project progress on regular basis, in addition to the Quarterly Progress Reporting. The mission shared sample progress reports prepared by other state road sector project and it was agreed that PMU will finalise the format and submit two such reports in a quarter. The first such report will be submitted to the Bank in first week of November 2009.

#### **Environmental Safeguard Management:**

32. The mission held detailed discussions with the officials of the OWD/PMU along with Supervision Consultants (SC) and Project Managers from the Contractor’s team to assess the adequacy and quality of EMP implementation in the project. Additionally, the mission reviewed the following: (i) progress of pre-construction activities (particularly with regard to tree cutting and relocation of hand pumps); (ii) compliance with regulatory norms/requirements; (iii) staff deployment by contractors, consultants and OWD/PMU for environmental management and; (iv) training and capacity building requirements to guide/improve environmental management aspects in the project.

33. **Pre-construction Activities:** The felling of trees has been initiated in two out of the three Phase 1 (referred as Year 1 roads in reports and earlier AMs) contracts but the progress is quite slow. So far in contract 2, 21 percent (1608 out of 7595) trees have been cut while the progress in case of contract 3 is 24 percent (219 out of 915). Tree cutting is yet to be initiated in case of contract 1. The responsibility for tree cutting rests with the contractor and therefore the actual felling is being done as per their own work schedule. However, 'tree protection marking' for contracts 1 and 2 has been **initiated but completed** as yet. This needs to be completed by OWD/PMU at the earliest to prevent any undesirable loss of trees. It was agreed that this activity will be completed by November 15, 2009.

34. With regard to hand pumps/tube wells, 52 percent (27 out of 52) have been relocated in case of contract 1 and 87 percent (40 out of 46) such utilities have been shifted in contract 3. This activity is yet to be taken-up in case of contract 2. The mission urged OWD/PMU to closely monitor and follow-up the outstanding pre-construction activities with the concerned agencies in a time bound manner.

35. **Phase 1 roads:** The over-all compliance with regard to implementation of Environmental Management Plan in the project is rated as **Unsatisfactory**. The delay in obtaining various regulatory consents/ permissions (particularly those from the SPCB for Hot Mix Plants, Quarries and Crushers); major lapses in adhering to the due process for camp and plant site establishment (including getting prior approval for location, lay-out and submission of land ownership details); poor worksite safety management; lack of deployment of Environment and Safety Officers and improper documentation are key areas of default on the Contractor's part, affecting all three phase 1 works. The non-mobilization of Environmental Officers in the Supervision Consultant's Team and lack of a proactive role in resolving issues is further hampering desirable progress and quality in EMP implementation. There is also a need to strengthen PMU's oversight for timely management and resolution of issues pertaining to EMP implementation.

36. Despite the good quality of EMPs and their sound integration into the engineering design and bidding documents during the project preparation, the most critical issue/challenge currently (during the implementation stage) being faced in the project is the lack of willingness/understanding on part of the contractor to adhere to the contractual provisions including those pertaining to environment, health and safety requirements and the various regulatory norms of GOI/GOO. Though some verbal assurance was given by the Contractor's Project Managers after the mission expressed serious concern on the said issues, it is unlikely that any major change will occur unless there is a high level intervention from the GOO. The mission urged the SC to provide timely guidance and to work closely with the Contractor's team to ensure that unwarranted situations involving major non-compliances (as in case of contract 3) do not arise in future.

37. There has been hardly any physical progress till date on any of the three Phase 1 contracts even though civil work contracts came into effect nearly nine months back – and therefore, if the required personnel and systems are put into place, it is possible to turn round the environmental performance of the project completely. However, if lapses/non-compliance/delays continue on contractor's part, the SC needs to take effective steps/measures including application of appropriate contractual remedies. The mission emphasized that protocols for implementation, supervision, monitoring and documentation as framed under the EMP (most of which pertain to regulatory norms of the country/state) should be properly adhered to by all concerned stakeholders. More details have been provided in Annexure 2.

38. **EMP Violation Issue (Contract 3):** In March 2009, the establishment of camp and plant site (stone crushing unit and hot mix plant near km 28.400) was found to be underway without the requisite approval of the location and lay-out from the SC. The selected site was in violation with the clauses/requirements of the EMP, for which the mission had expressed serious concern about lapses and negligence on part of the contractor. The establishment of the camp/plant site was suspended thereafter. During this visit, the mission was informed that the Contractor has very recently identified an alternative or a new site (off km 7 on LHS) to establish the construction camp with facilities like office, accommodation, laboratory, plants,

stack yard and workshop are being proposed. The SC has provided a conditional approval for the said location after site assessment

39. **Staffing (Contractors and SC):** The non-mobilization of Environment and Safety Officers on site by the contractors continues to be an issue in contracts 1 and 2. So far, there is information regarding deployment of only one Safety Officer on contract 3. Likewise, while the SC had mobilized one Environment Officer for contract 3 (Berhampur-Taptapani) in December 2008, the positions continue to be vacant in case of contracts 1 and 2. The lack of mobilization of EOs even after nearly 12 months of SC's deployment is highly disappointing and is adding to the poor performance of the project. The GOO/OWD needs to take-up this issue with SC management and should seek resolution at the earliest.

40. **Next Steps for Improving Environmental Performance:** In order to help the project implement the various conditions/stipulations on environment, health and safety in accordance with the agreed EMP, the mission reiterated that SC and PMU/OWD should focus and closely monitor certain key activities (to be carried out by the Contractor) over the next two to three months on the three Phase 1 contract packages. These are:

- a. Mobilization of Environment and Safety Officers
- b. Completion of Camp/Plant Site Documentation for all three year-1 works (includes approval for location, lay-out and submission of documents on land ownership)
- c. Obtaining consents from OSPCB (Consent-to-Establish and Consent-to-Operate) for plants
- d. Obtaining permission for ground water extraction
- e. Obtaining requisite license/permits for quarry and crusher operations (including transit permits)
- f. Obtaining labour license
- g. Preparation and approval of debris/waste disposal plan
- h. Preparation of first-aid and emergency response plan
- i. Identification, approval and documentation of material sources (earth, sand, aggregate, water) in line with EMP stipulations.
- j. Identification and Approval of Pollution Monitoring Agency
- k. Integration of EMP requirements and targets in the work planning and programming (includes requirements pertaining to construction of noise barriers, protection works for water bodies and work in wildlife movement areas)

41. The OWD/PMU needs to ensure that on part of the SC, the following actions are completed/undertaken at the earliest:

- a. Mobilization of Environment Officers for Contracts 1 and 2.
- b. Integration of environmental dimensions/aspects in the Construction Supervision Manual in line with comments provided by the Bank.
- c. Strict enforcement of work site safety measures (including night-time safety provisions) for the general public and workers.
- d. Regular review and recording of the status/progress on EMP implementation (and related issues) in monthly technical review meetings. Undertake effective measures to ensure compliance in the field, including use of contractual remedies, as required.

42. **Institutional Arrangements:** The mission reviewed the institutional arrangement for environmental management within OWD/PMU and expressed satisfaction at the current level of staff deployment, particularly keeping in mind the type, magnitude and status of field activities. Apart from the Nodal Environment Officer (Executive Engineer Level), one Nodal Forest Official, one Forester, two Assistant Engineers and one Data/Documentation in-charge have been positioned in the Environment Cell of the PMU. The mission suggested OWD/PMU to strengthen the system for supervision, reporting and documentation by the Environment Cell and provided guidance towards meeting this end.

43. The mission was also informed that OWD/PMU is re-initiating the procurement process for the recruitment of Environment Expert due to the non-availability of earlier short-listed candidates. It was agreed that a fresh Expression of Interest for the said position will be issued by October 15, 2009. It is now expected that the process for final selection/mobilization will be completed January 31, 2010.

44. **Capacity Building and Training:** The mission noted that the level of awareness/knowledge on various EMP requirements is very low, particularly in the contractor's team. Sensitization of senior staff (including Project Managers from the contractor's side and Resident Engineers, Highway Engineers, Structure Engineers from SC's side) and their training is essential on various EMP requirements to help avoid unwarranted situations and improve environmental performance. An orientation programme for the field staff was planned for June 2009 but could not be carried out due to lack of mobilization of key staff, both on part of Contractors and the SC. The mission suggested PMU/OWD to consider site visit/s to other project/s as part of this orientation programme. It was agreed that such an orientation will be organized in the coming months once the Contractor's and SC's teams are more or less fully mobilized.

45. **PPP Component:** The mission had brief discussion with the PMU and Consultants engaged for preparing PPR and TEFR for three road stretches, namely Rourkela-Sambalpur, Koira-Lohanipada and Joda-Bamberi, included under this component. Draft EA and EMP for one road (Rourkela-Sambalpur) was reviewed and comments were provided to the Consultant earlier this year. The stand-alone report (as part of EA) for assessing and addressing the issue of elephant crossings on this road is still awaited from the Consultant. The draft for Joda-Bamberi was shared during the mission, for which comments will be provided by October 10, 2009 while the draft EA and EMP for the third road is expected to be available for Bank's review by November 15, 2009. The mission suggested PMU/OWD to seek Environment and Forestry Clearances (which includes the Public Hearing process) prior to inviting Tenders to avoid contractual hassles at a later date.

### **Social Safeguards Management.**

46. **Land acquisition (LA):** Since the last mission, the LA process under the project for the 1<sup>st</sup> year packages has picked up, However overall the LA and R&R has been considerably delayed. The mission was informed that there are 149 villages (inclusion of 3 villages still undecided) in the Phase 1 roads and section 7 (required under LA Act) has been notified in respect of 130 villages. However, actual payment of compensation to the land losers is reported to have been completed in only 43 (12 in Package 1, 18 in Package 2 and 19 in Package 3) villages (see Table below). The payment of compensation is reported to be in advanced stages in another 10 villages.

Table 1: Progress in LA of 1<sup>st</sup> Year Packages

Project Corridor	District	LA Process (No. of villages)			Villages where Compensation disbursed
		Total villages	Villages notified u/s 6	LA progress u/s 7	
Bhawanipatna – Khariar	Kakalhandi	19	19	19	12
	Bolnagir	13	13	9	--
	Nuapada	9	8	7	--
Bhadrakchnadbali	Bhadrak	66	66	58	18
	Keonjhar	14	11	10	--
Berhampur-Taptapani	Ganjam	31	27	27	13
<b>Total</b>		152	144	130	43

47. The mission urged OWD to closely monitor and follow up the progress on LA on regular basis with the District Administration (DA) to ensure completion of acquisition of land required for the project.

*It was agreed that LA for Phase 1 roads would be completed by end November 2009.* Drawing lessons from the 1<sup>st</sup> year Packages, the mission urged that PMU should take up LA process for 2<sup>nd</sup> year immediately so that substantial amount (at least 40%) of land required is acquired and compensated before the award of contracts.

48. As agreed during the last mission, GOO is working on developing guidelines to implement 'consent award' method to compensate land and other assets and thus help in accelerating the process of LA. The mission was informed that once 'negotiation process' is approved by the government it would be notified (for public objections, if any) before placing it to the floor of Legislative Assembly for discussion and approval. This is expected to be introduced in the Assembly in its next session.

49. As agreed during the last mission, construction work is being undertaken in encumbrance free stretches only. In this regard, Project Managers are identifying stretches free of LA and R&R issues (jointly with the Supervision Consultants and the Package Contractors) to take up works relating to the main carriage width and embankment; and drainage and other works will be taken up once LA and R&R are completed. *The mission strongly suggested and it was agreed that the Social Specialist of PMU will cross check such stretches and certify that these stretches have no LA and R&R issues if civil works are confined to main carriage width and embankment.*

50. *Resettlement Action Plan (RAP):* The implementation of resettlement measures included in RAP for the Phase 1 roads is still a non-starter. The institutional arrangement for extending R&R entitlements (envisaged under RAP) is heavily based on the involvement of NGOs which are yet to be procured. The mission was informed that the process of engaging NGOs is in the advanced stage. *PMU assured the mission that the Technical Evaluation Report for Nodal and Package NGOs will be submitted to the Bank by October 15, 2009.* Once NGOs are in place, the mission pointed out the need to coordinate the local DA for its involvement in RAP implementation, particularly in the following process:

- Verification of census data of eligible PAFs.
- Issuing ID cards to PAFs identified and found in accordance with the list of affected families included in RAP. Any new claimant should be thoroughly scrutinized.
- Determining R&R entitlements of identified PAFs in accordance with the agreed R&R entitlement framework of the project
- Making arrangement for relocation of displaced families, where ever required - no family should be physically displaced unless an alternate arrangement is made for relocation
- Release R&R entitlements to eligible PAFs before they are relocated
- Coordinate with other development departments/agencies for dovetailing their programs for the socio-economic development of the affected communities.

51. *Implementation arrangement:* The Social unit of PMU is now fully staffed with one Assistant Commissioner (LA and R&R), one Deputy Collector (LA) and one Social Specialist being in place. The unit is coordinating with LA Officers and the Package level staff on LA process. The mission reiterated that all the components of Social Management Plan (including RAP, HIV/AIDS and road safety) should be executed in accordance with the agreed institutional arrangements.

52. Discussions with Package level staff revealed that most of them are not well aware of the provisions of the R&R policy of the project and management of other social issues. The mission suggested and it was agreed that the project would organize a training program for project staff on social issues including RAP implementation. This could be planned when the Bank's Consultant (social) will visit the project in the second week of October 2009.

53. In most of the places, the mission observed that the local communities (likely to be affected) have not been properly updated on the proposed project activities and likely impacts on their livelihood. The mission urged the project should undertake an information campaign in the project areas about its activities and impacts, and the proposed R&R measures.

54. *PPP Component:* The mission had brief discussion with the consultants engaged for preparing PPR and TEFRR of road stretches (Sambalpur-Rourkela, Koira-Lohanipada and Joda-Bamberi) included under this component. The mission was informed that Resettlement and LA Plans for two PPP roads (Sambalpur-Rourkel and Joda-Bamberi) have been prepared by the consultants and submitted to PMU as part of PPR. It was agreed that once these documents are received by the Bank, these would be reviewed and comments would be communicated to PMU. The mission also strongly suggested that the LA plans prepared by the consultants should be agreed with the concerned LA officers and jointly signed by OWD and concerned LA officers.

55. The Social Safeguard Management has been rated as **Unsatisfactory (U)**.

### **Financial Management**

56. *Disbursements Status:* Against the original signed allocation of USD 250 million, the disbursements as on 04 September 2009 stands at USD 4.710 million reflecting approx. 2% disbursement. The funds disbursed to date reflect reported retro-active expenditures up to 27 January 2009 and projected expenditures for the two quarters ending 31 March 2009 and 30 June 2009.

57. The IUFRRs for the two subsequent quarters ended 31 March 2009 and 30 June 2009 have been prepared and sent to CAA&A for disbursement purposes. These are presently being processed by CAA&A and will entail disbursements of approx. USD 2.8 million taking the virtual disbursement up to 3%.

58. *Fund flows and Project Expenditures:* As per the IUFRRs for the quarter ended 30 June 2009, total project expenditures during the quarter have been reported as Rs. 2.673 crores (with Bank's share being Rs. 0.155 crores) and the cumulative reported expenditures for the project as Rs. 49.677 crores (with Bank's share being Rs. 22.297 crores). Some of the key points of note and observations are as follows:

- The expenditures of Rs. 0.155 crores (Bank's share) reported during the quarter ended 30 June 2009 relate to payments to consultants (construction supervision and social advisor) and project operating costs. GOO's share of the expenditures of Rs. 2.518 crores primarily relate to land acquisition and salaries of GOO staff. No payments for civil works have been reported during the quarter indicating substantive delays in the mobilization of the contractors.
- Against the budgetary allocation of Rs. 220 crores, LCs totalling to Rs. 6.74 crores have been released up to 5 September 2009 and have been adequate to meet the present level of expenditures. At the present scale of operations, it is envisaged that an amount of Rs. 120 crores of the budgetary allocations may require to be surrendered before the end of the financial year.

59. *Adequacy of the accounting and financial reporting arrangements:* The accounting and financial reporting arrangements as were agreed during appraisal and documented in the Financial Management Manual are by and large, in place. The accounting for the project expenditures are mainstreamed into the OWD's accounting system and the IUFRRs prepared on the basis of monthly AG's monthly Appropriation Accounts, thus eliminating the need for establishing parallel accounting and reporting mechanisms for the project. As of now, this arrangement appears to be working well and the IUFRRs are being prepared on a

timely basis, with the exception of the IUFRR for the quarter ended 31 March 2009 which was delayed by over 2 months. The delay was essentially on account of the year end account closing procedures.

60. Going forward, it was agreed that the IUFRRs for the quarter ended 31 March of each year may be submitted in two rounds. In the first round, the expenditures reported would be based on the Preliminary Appropriation Accounts and will be submitted to the Bank by 15 May 2009. In the second round, a revised IUFRR for the quarter would be submitted before 15 August 2009 and will be based on the Supplementary Appropriation Accounts.

61. **External Audit:** The legal covenants require that the annual project financial statements be audited by an independent auditors, acceptable to the Bank as per the agreed Terms of Reference. The audit report for the year 2008-09 (covering the retroactive period) is to be submitted to the Bank by 30 September 2009. For the project, it has been agreed that the State AG will be the acceptable auditor.

62. The financial management performance is rated as **Satisfactory (S)** .

### **Procurement**

63. **Procurement plan** The revised draft Procurement Plan prepared by the PMU was discussed and reviewed by the mission. The Project will incorporate the comments and forward the updated Procurement Plan along with the Procurement Schedules indicating the timelines for various activities for Bank's clearance by September 30, 2009. After the updated Procurement Plan is agreed with the Bank, the same shall be made available and hosted on the Bank's external website and OSRP/GOO website

64. **Procurement Arrangements** The mission expressed its concern over the delays in each step and time taken in decision making, particularly in award of consultancies. The mission was informed that there is considerable delay in even constitution of Dispute Resolution Board and requested the Project to expedite the same.

65. The mission requested the Project for taking immediate steps in enhancing the capacity of PMU in Procurement and Contracts Administration. The mission requested for appointing additional staff with adequate experience and skills in procurement and contract management.

66. It was agreed that the Project would nominate one officer as focal point for procurement of consultancies who would be responsible for all procurement activities and coordinating with various officers in the project for technical inputs and would also coordinate with the Bank for No Objections.

67. **Procurement Training** The PMU informed that two officers have undergone procurement training at ASCI Hyderabad since last mission in March, 09. The mission was informed that the Project is taking up with ASCI for arranging structured training in procurement at Bhubaneswar. In the meantime the PMU should continue to pursue with GOO for deputation of 2 -3 officers for upcoming training program at ASCI. It was also agreed that the Bank Team would also conduct a procurement training workshop for the PMU by end November '2009

68. **Status of Award of Consultancies** The mission expressed its concern over the way consultancy for OWD code and manuals was handled which lead to expiry of proposal validity of the short-list firm. The mission noted with concern that the PMU did not take any action to finalize the award within the validity or to seek the validity extension before its expiry. The extension was sought by the PMU, two months after the expiry of the bid validity. The mission advised the Project to ensure that for future cases the contracts are finalized within the bid /proposal validity or else the validity extension is sought well before

the expiry of bids /proposals. The mission also requested the Project to propose and agree with the Bank the further action for award of consultancy for OWD codes and manuals.

69. *Disclosure Mechanism/Complaints Handling* The mission discussed the actions taken by the PMU in complying with the GAAP. The mission noted with concern that all the details agreed to be disclosed are not available on the website. The Procurement Plan is not on OSRP website. The mission was informed that this is on account of non availability of web designer. It was agreed that till such time web designer could be appointed, disclosures agreed as part of GAAP shall be made available by the PMU on the website of GOO and link of GOO website will be provided in OSRP website. While at the time of Project Negotiations the OWD stated that on-line complaint handing was already in place, the PMU informed that on-line complaint system is still to be developed. It was agreed that PMU will submit an action plan to address this issue by October 20, 2009.

70. *Ex Post Review* The mission conducted the ex-post review of the contract awarded for Social Development Specialist, the report of which would be shared with the PMU in few weeks.

71. Procurement is rated as **Moderately Satisfactory**

72. **Implementation Progress Rating:** The implementation progress rating of the project has been rated as **Moderately Unsatisfactory** due to lack of progress on both components and weak project management. An action plan has been agreed with the GOO to resolve current implementation issues and to upgrade the rating back to satisfactory level. Following is the Mission Assessment of Components and Management

Table 2 Mission Assessment of Components and Management

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

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

73. **Loan Covenants:** Most of the loan covenants are either not due now or have been complied with except the baseline surveys for user satisfaction and land use, which was to be completed and report produced by June 30, 2009.

74. The next implementation support mission will be undertaken in March 2010. However an interim mission has been planned in the month of December 2009 to review the progress on the agreed action plan.

**Annex-1**

**Action Agreed during the Mission**

<b>Action Reference</b>	<b>Action Required</b>	<b>Agency</b>	<b>By Date</b>
<b>Project Management</b>			
B01	Clarify the delegation of the Project Director (PD) as the ‘Employer’ under the works contract and financial powers under consultancy contracts with issuance of a Government Order	OWD	Oct 15, 2009
B02	Rationalize the responsibilities among the Executive Engineers at the PMU level.	OWD	Oct 15, 2009
B03	Hire a procurement and contract management specialist and assign two supporting staff to exclusively deal with works and consultancy services contracts	PMU	Nov 15, 2009
B04	Constitute a panel of legal specialists for addressing issues on contract management, land acquisition, concession management for PPP roads etc.	PMU	Nov 15, 2009
B05	Mobilize Team Leader and All vacant Key Positions	SC	Nov 15, 2009
B06	Organize a visit of the PMU staff to the Punjab State Road Sector Project	GOO/BANK	Nov 15, 2009
<b>Road Corridor Improvement Component</b>			
B07	Finalize and Issue Contract Management and Quality Assurance Manual	SC	Oct 20, 2009
B08	On the basis of a tripartite joint inspection and consequent minutes, issue instructions to start construction of embankment and main carriageway in the non-built-up sections (milestone 1), where LA and R&R within the embankment toes are not required.	PMU, SC, Contractor	Oct 20, 2009
B09	Ensure contractor mobilizes all required key professionals and equipment including Environment Officers	SC/Contractor	Oct 20, 2009
<b>A03</b>	<b>Updated resourced based work program to be in place on all three sites</b>	<b>SC/Contractor</b>	<b>Immediate</b>
<b>A08</b>	<b>Issue notice to the contractors as per the contracts for violations in the contract for maintenance of handed-over stretches, EMP and road safety measures giving a response time to the contractor.</b>	<b>SC</b>	<b>Immediate</b>
B10	Decision to be taken on acceptability of all works completed by the contractors without approval of RFIs and quality checks.	SC	Oct 15, 2009
<b>IS Component</b>			
B11	Assign ‘lead responsibility’ for ISAP (and GAAP ) in OWD to an E-i-C or CE position	OWD / GOO	Nov 15, 2009
B12	Initiate a dedicated full-time IS Cell in OWD	OWD	Nov 15, 2009
B13	Activate a part-time ISAP Working Group	OWD / GOO	Nov 15, 2009
B14	Forward Technical Evaluation report on IS consultancy services to	OWD / PMU	Sept 30, 2009

<i>Action Reference</i>	<i>Action Required</i>	<i>Agency</i>	<i>By Date</i>
	Bank for review		
B15	Strengthen OWD roles and resources for GAAP implementation responsibilities	OWD	Nov 15, 2009
B16	Forward proposal for Road User Satisfaction Surveys (RUSS) services for Bank review	OWD / PMU	Nov 15, 2009
B17	Forward proposal for external services for ISAP / GAAP / PMI Baseline Data Collection for Bank review	OWD / PMU	Nov 15, 2009
B18	Finalize draft IT-ICT-MIS Strategy for OWD	OWD	Dec 31, 2009
<b>Environment Management Issues</b>			
B19	Recruitment of Environment Specialist in OWD/PMU	OWD/PMU	Dec 31, 2009
B20	Organise an Orientation/Training for Contractor/CSC staff	OWD/BANK	Dec 31, 2009
<b>Social Development Issues</b>			
<b>A02</b>	<b>Clear all encumbrances and complete LA for Phase 1 Roads</b>	<b>OWD</b>	<b>Nov 30, 2009</b>
B21	Technical Evaluation Report of nodal and package NGOs to be submitted to the Bank.	OWD	Oct 15, 2009
<b>Financial Management</b>			
B22	The audit report for the year 2008-09 (covering the retroactive period) is to be submitted to the Bank	OWD	Sep 30, 2009
<b>Procurement</b>			
B23	Submit the updated Procurement Plan to the Bank for review and clearance	OWD	Sept 30, 2009
B24	Organise a Training Workshop for PMU staff	BANK	Nov 30, 2009

Note - Actions in bold are pending since previous missions