

**Himachal Pradesh State Roads Project (Ln.4860-IN)**  
**Implementation Support Mission (April 23-May 1, 2009)**  
**Aide-Memoire**

**I. INTRODUCTION**

1. A World Bank mission<sup>1</sup> visited Himachal Pradesh during April 23 to May 1, 2009 to support the Government of Himachal Pradesh (GOHP) in implementation of the Himachal Pradesh State Roads Project (HPSRP). The mission visited a number of project sites and held extensive discussions with officials and engineers from the Public Works Department (PWD) and the Himachal Pradesh Roads and Other Infrastructure Development Corporation (RIDC). The mission wishes to thank them for their hospitality and collaboration.

2. This Aide-Memoire (AM) summarizes the findings, recommendations, and agreements reached during the mission. It contains 14 Annexes (including a list of agreed actions in Annex 2). A draft of this AM was discussed with PWD and RIDC at a wrap-up meeting chaired by Dr. P.C. Kapoor, Principal Secretary for Public Works, GOHP in Shimla on May 1, 2009.

**II. KEY PROJECT DATA & PERFORMANCE RATING**

Key Project Data	Project Performance since the Sept 2008 mission
Total Project Cost (PAD): US\$ 303 million	Project Development Objective: <b>MS</b>
Loan Amount: US\$220 million	Implementation Progress: <b>MU</b>
Bank Board Approval Date: June 5, 2007	Project Management: <b>MU</b>
Effectiveness Date: October 5, 2007	Procurement: <b>U</b>
Project Completion Date: December 31, 2012	Financial Management: <b>S</b>
Project Age: 19 months	Environmental Safeguards: <b>MS</b>
Loan Disbursed: 11.1% (US\$24.4 million)	Social Safeguards: <b>U</b>

Ratings: **HS**=Highly Satisfactory; **S**=Satisfactory; **MS**=Moderately Satisfactory; **MU**=Moderately Unsatisfactory; **U**=Unsatisfactory; **HU**=Highly Unsatisfactory

3. **Project Development Objective (PDO).** Progress in achieving the PDO<sup>2</sup> is downgraded from **Satisfactory** to **Moderately Satisfactory**, because: (i) the performance of project implementation during the past 6 months has been disappointing; (ii) while achieving the PDO by the end of project is still possible, it requires significant improvements in project implementation in the next 3-6 months.

4. **Implementation Progress.** The mission also downgraded the Implementation Progress from **Moderately Satisfactory** to **Moderately Unsatisfactory**, based on the following observations: (i) All Phase 1 Upgrading Works contracts is far behind implementation schedule, and none of them has achieved performance targets agreed during the September 2008 Mission; (ii) delays have occurred in procurement of all Phase 2 Upgrading Works; and (iii) implementation of other activities (including periodic maintenance works) is also slow.

5. The mission noted there have been **encouraging signs of improvements** in project implementation **in the past one month** or so. It was impressed to learn that both **Chief Secretary** and **Principal Secretary of PWD** have committed themselves to closely monitoring the project implementation and expediting completion of land acquisition, tree cutting, utility shifting, and

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<sup>2</sup> The PDO of this project is to reduce transport costs and to improve traffic flows on priority segments of the core road network of Himachal Pradesh for the road users in the state.

required government clearance for the project. It was agreed that the Bank will review the project performance ratings by end of July 2009 and may upgrade them based on achievements in project implementation at that point of time.

**6. Key actions agreed to improve project performance in the next 3 months** include the following: (i) GOHP will continue to carry out a monthly cross-departmental meeting, which has started since April and chaired by Chief Secretary, to expedite completion of all pre-construction activities; (ii) GOHP will assist all Phase 1 contractors in finding materials and construction sites, and provide one-window services to help them promptly obtain various required clearances; (iii) GOHP will strengthen the project management capacity at PMU (RIDC HQ) and inform the Bank of the proposed actions by end-May 2009; (iv) GOHP will implement an action plan to strengthen the procurement and contract management capacity of RIDC and PWD (see details in Annex 9); (v) RIDC and CSC will closely monitor progress of each upgrading contract against a set of clearly defined monthly targets, aiming to achieve 10% physical progress by end-July 2009.

### III. SUMMARY

#### Project Costs, Expenditure and Budget

7. The estimated total project cost and required Bank financing have been slightly increased as displayed in the table below, due to increased costs in civil works:

Updated as of March 31, 2009 Unit: \$ Million (including contingencies)	Estimation at Appraisal (June 2007)		Estimation as of March 31, 2009		Variation as of March 31, 2009	
	Total Cost	Bank Financing	Total Cost	Bank Financing	Total Cost	Bank Financing
Upgrading Works	211.18	190.06	215.40	193.86	4.22	3.80
Maintenance Works	55.97	11.19	60.29	12.06	4.32	0.87
Goods	1.31	1.18	1.31	1.18	0	0
Utility Shifting	1.73	0	1.73	0	0	0
Afforestation	0.86	0	0.86	0	0	0
Land acquisition	12.42	0	17.97	0	5.55	0
R&R	2.14	1.93	2.14	1.93	0	0
Consultancy and Training	15.65	14.09	15.65	14.09	0	0
Operating Costs	0.61	0	0.61	0.61	0	0
PPF	1.55	1.55	1.55	1.55	0	0
<b>TOTAL</b>	<b>303.4</b>	<b>220</b>	<b>317.51</b>	<b>225.28</b>	<b>14.09</b>	<b>4.67</b>

8. Expenditure as of March 31, 09 was Rs 105.87 crores. The mission was informed that GOHP has made a budgetary provision of Rs. 75 crores for upgradation works and Rs 41 crores for maintenance works under HPSRP for IFY09/10. Additionally, RIDC has a Bank balance of Rs. 140 crores (as of April 1, 2009) for project expenditure. According to the projected expenditure displayed below, the total RIDC budget appears to be sufficient to cover both upgrading and maintenance as well other activities till end-September 2009.

Unit: Rs. in Crore	Expenditure Up to March 31	Anticipated Expenditure ( for next 6 months)	Total likely Expenditure up to September 30, 2009
Upgrading Works	39.93	70.00	109.93
Utility Shifting	1.57	0.70	2.27
Compensatory Afforestation	5.53	0.76	6.29
Periodic Maintenance Works	33.44	33.01	66.45
Consultancy Services	15.48	7.43	22.91
Trainings	0.05	0.02	0.07
Land acquisition	9.84	10.00	19.84
R&R	0.03	0.10	0.13

TOTAL	105.87	122.02	227.89
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## Upgrading Works

**9. Phase 1 Upgrading Works.** All five packages of Phase 1 upgrading works (covering 232 km of state roads) have been awarded at a total cost of Rs 5908 million (about US\$ 148 million). In all these packages, the contractors and the supervision consultants have been mobilized and the civil works are at initial stages with physical progress ranging from 0.9% to 3.22% only (as of March 31, 2009). The mission, along with the officials/engineers of RIDC and the supervision consultants, discussed the progress of works with the contractors of all phase 1 roads. The mission also visited project sites of four Phase 1 packages, i.e. Mehatpur-Una-Jahalera-Amb Road (package 1), Una-Bangana-Barsar Road (package 2), Barsar-Jahu Road (package 3) and Jahu-Kalkhar Road (package 4). Detailed mission observations and discussions are provided in Annex 4. For status of all upgrading works, please refer Annex 11 and for status of encumbrances in upgrading roads, please refer Annex 14.

**10. Tree Cutting and Utility Shifting.** The mission was informed that tree cutting and utility shifting have been expedited in the last one month. However, the overall speed of tree cutting in all five Phase 1 Upgrading Roads has been still very slow. Along Phase 1 Roads, there are still many patches with trees are yet to be cut. These patches are either on forest land, or on private land where PWD has to purchase the land first and convert it to government (other than forest) land before obtaining tree cutting clearance from the Forest Department. Shifting of hand pumps, water pipelines, electric poles, HT/LT lines, and transformers/substations in all five Phase 1 Upgrading Packages has also been very slow.

**11.** Slow progress in tree cutting, utility shifting and land acquisition has caused delays in handing over of encumbrance-free site to the contractors in the first milestone sections of all 5 Phase 1 packages. As land acquisition has been advanced, tree cutting and utility shifting have become the major encumbrances which are severely affecting acceleration of the upgrading works. Moreover, the RIDC engineers, contractors, and the supervision consultants all seem to have different information on the present status and locations of the encumbrances. The mission urged RIDC to (i) take this issue up to the GoHP and explore all options to speed up tree cutting and utility shifting; and (ii) request CMU engineers and the Supervision consultant, together with contractors, to make a joint kilometer-by-kilometer survey of all encumbrances and clearly identify encumbrance-free sections. The mission noted that the completion date of the milestone 1 in contract package 1 is going to expire on May 7, 2009 and requested RIDC to immediately work with the Contractor and the Supervision Consultant and reach a conclusion before the expiration.

**12. Construction Supervision.** The mission discussed with the HPRIDC and Construction Supervision Consultants (CSC) on critical issues of construction supervision, including: (i) deficiencies in the design drawings, frequent changes in alignments, and delays in finalizing the construction drawings; (ii) pending payments; (iii) staff mobilization and frequent replacement; (iv) low performance of CSC teams in supervising on-going works in several Phase 1 packages; (v) delays in reviewing and approving contractors' works and requests; (vi) ineffective cooperation between CSC and PMU, and (vii) poor quality of project monitoring and documentation. The mission facilitated a meeting between the management of RIDC and the management of CSC on the above issues and the two parties have reached agreements to resolve these issues.

**13.** It was also agreed that (a) details presented in the monthly progress reports (MPR) need to be checked thoroughly by the Team Leader of CSC; (b) MPR should have summary cost reports showing the details contract price, variations, deletions, escalation etc. for each of the contract; (c) MPR should have summary of test results showing the cumulative pass/fail results

for each of the tests conducted since the start of the contract, (d) No changes in the alignment will be made by CSC without approval of the employer, (e) CSC would produce cost saving details for each of the proposed changes in the alignment, (f) CSC would deploy personnel mentioned in the contract (procurement specialist, senior materials engineer) at appropriate time in consultation with the employer; and (g) CSC should include to the MPRS the details of land acquisition, shifting of utilities, traffic management and safety measures being carried out, minutes of monthly meetings etc. The CSC should submit an action taken report to the employer on the quality issues discussed during the site visit (See details in Annex 4).

**14. Phase 2 Upgrading Works.** Phase 2 upgrading works also consists of five packages. The Bank has issued no-objection for award of works to one package, and procurement for the remaining four packages is still in progress.

**15. Forest Clearances for phase 2 upgrading roads.** The forest clearances for all 5 packages are still pending. RIDC is required to closely monitor the status of the clearances and take follow-up actions to avoid any delays in commencing the works.

### **Environmental Management**

**16.** The focus of the mission was to review and ascertain the progress on the following: (a) forest clearances for Phase 1 and 2 up-grading works; (b) pre-construction activities, particularly tree cutting and relocation of water sources like hand-pumps; (c) regulatory clearances/permissions for Phase I works (such as those for establishment and operation of camps, plants and borrow areas); (d) bio-engineering and; (e) institutional arrangements including capacity building initiatives. The adequacy and quality of EMP implementation in periodic maintenance and up-grading components was reviewed in detail by the mission through site visits and detailed discussions with contractors, CSC and officials from RIDC and CMUs.

**17.** The over-all environmental management for both upgrading works and periodic maintenance component is rated **Moderately Satisfactory**. While an over-all improvement has been noted with regard to EMP implementation in both the components, certain key issues need to be resolved to improve and sustain the results. These include: (a) mobilization of Environment and Safety Officers by the CSC and Contractor on package 4; (b) deployment of Nodal Environment Officer by RIDC; (c) obtaining of all required regulatory clearances/permissions for establishing and operating camp and plant sites; (d) obtaining of pending forest clearances for contract 4, part of contract 5; (e) finalization and initiation of training on bio-engineering; (f) strengthening enforcement of worksite safety management measures in all Phase I contracts; and (g) ascertaining EMP compliance in contract 4, which currently is poor, both in terms of adequacy and quality. Details are provided in Annex 8.

### **Social Safeguards**

**18.** Substantial progress has been made in land acquisition since the September 2008 mission. Out of all 218 villages where land is to be acquired, negotiations have been completed in 177 villages and compensation has been disbursed in 48 villages. However, compliance with Bank's social safeguard requirements continues to be **unsatisfactory** due to (i) no designated social development officer at PMU for the last six months after the term of former officer expired; (ii) no NGO in place for R&R assistance for the last four months after the previously contracted NGO was demobilized; (iii) no progress in implementation of R&R related activities; and (i) no prompt reaction from RIDC on allegations that contractors occupied private land which exceeds what has been acquired by RIDC.

**19.** PWD and RIDC agreed to take the following actions: (i) coordinate with the Revenues Department to complete required land acquisition of Phase 1 roads by end of May 2009; (ii) immediately start investigation on those allegations and suspend civil works on the land in

question, and forward the investigation findings to the Bank by end of May 2009; (iii) appoint a full time social development officer at PMU; (iv) appoint a new NGO for R&R assistance, and provide an action plan to Bank to carry out the remaining R&R activities; (v) prepare guideline for disbursement of R&R assistance; and (vi) complete the joint measurement survey of land records of both phase I as well as phase II roads.

**20. Land Acquisition for Phase II:** It was agreed that design consultants will finalize the alignment of phase II roads and superimpose the road alignments on revenue maps by end of May 2009. A joint verification and on-site marking will be carried out by RIDC engineers (at each CMU), the Design consultants, and the Supervision consultants by end of June 2009. After the joint verification, no change should be made to the alignments unless deemed necessary and prior approval by PMU is required. For details of Land Acquisition in Phase I and Phase II, please refer Annex 7.

### **Periodic Maintenance Works**

**21.** The Project includes periodic maintenance of about 2000 km of roads in the Core Road Network of the State, which are to be implemented through tranches. Tranches 1 and 2 are in implementation and Tranche 3 is in planning phase. For status of all periodic maintenance works, please refer Annex 12.

**22. Implementation of Tranche-1.** Periodic maintenance of 532 km of roads in 25 contract packages is in progress. Only seven of the 25 packages have now been completed after almost two years implementation. Bituminous works for improving the riding quality of the surface have been completed in 495 km out of the total length of 511 km with about 16 km remaining in central and south zones. RIDC is expecting to complete all the tranche-1 works by June 2009.

**23.** The mission advised RIDC to critically monitor the packages which are progressing very slowly, including HP-MDR-24-105 in Central Zone, HP-MDR-19-207 in South Zone and HP-SH-27-307 in North Zone. There has been very little progress in these contracts since the last two missions (April 2008 and September 2008). Even though the necessity of completing the civil works such as drains before the construction of bituminous works has been stressed during previous missions, there is still delay in completing these civil works. RIDC, once again, was reminded that to protect the bituminous surfacing from the rains, it is necessary to follow the proper sequencing of works. The mission also observed substantial difference between the physical and financial progress in a number of contracts, including 3 in central zone, 6 in south zone and 6 in north zone. The mission again advised RIDC and PWD to look into this issue and take actions to resolve it.

**24. Implementation of Tranche-2.** 515 km of roads are included in tranche-2 maintenance works. Of the 27 contracts, 24 have been awarded from Oct 2008 till now and the remaining is expected to be awarded in May 2009. The total contract price of the 24 awarded works is Rs. 738 million. DPRs for these works have been reviewed by the TE consultants.

**25. Quality of Tranche 1 and 2.** The mission visited several contracts under Tranche I and II of periodic maintenance in the northern zone of HP. Critical issues identified include: (i) deficiency in DPRs; (ii) incorrect sequencing of works by the contractor; (iii) poor quality of construction and inadequate quality control; and (iv) delays in payment to contractors and clearing variation orders by RIDC. Details of the mission observations are provided in Annex 6.

**26. Quality Control for Maintenance Works.** As per project design, the periodic maintenance works (PMW) are managed through the PWD field units. The Executive Engineers (EE) of PWD authorized by RIDC act as the "Engineer" to supervise the contractors' works, while the Technical Examiner (TE) consultants assure the quality of works through a 10% sample check. Before the TE consultants were demobilized at the end of March 2009, PWD has set up a

Quality Control (QC) team to continue performing the TE's job. This QC team is led by the RIDC Superintending Engineer and supported by an EE and several other engineers at the RIDC HQ and each PWD Zonal office. The structure and job descriptions of the QC Team have been issued by PWD Secretary/RIDC MD through a Departmental Order on March 10, 2009.

**27. Coordination between RIDC and PWD filed units.** The mission was informed that the PD and the QC team have been conducting a monthly review meeting with Chief Engineers of all concerned zonal offices to discuss issues identified by the QC Team and actions to be taken by PWD engineers.

**28. Planning for Tranche-3.** PWD and RIDC included maintenance of 489 km of roads into Tranche-3. DPRs for these roads are being prepared by PWD field engineers and will be reviewed and cleared by RIDC.

**29. Performance Based Maintenance Contracts (PBMC).** PWD and RIDC have selected 468 km of roads in North Zone, Central Zone and South Zone for piloting PBMC works. The Bank has communicated its no-objection to the bid documents for PBMC. It was agreed that RIDC will work with PWD PMGSY team to (i) finalize the bid document for North Zone as well as those for Central Zone and South Zone by May 15; (ii) prepare a contractors' conference in Delhi by May 31, and (iii) invite bids immediately in the following week of June, 2009.

**30. Design of Road Safety / Blackspots Improvement Program.** RIDC has completed combined evaluation of all four proposals received. It planned to invite the highest scored consultant for negotiations on May 16, right after completion of the national election. The contract will be awarded by June 17, 2009. The status of all the Consultancy Services is provided in Annex 13.

### **Road Sector Management**

**31. Road Maintenance Fund.** Final report has been submitted to the GOHP, which recommends several options for setting up a Road Maintenance Fund and other measures to improve road sector financing in the state. However, there has been no follow-up action. The mission suggested that establishment of the Road Fund can be done in phases as recommended in the final report. As the first step, the PWD and RIDC should focus on obtaining GOHP's in-principle clearance for the direction of setting up a financing mechanism (where called a road fund or not) which can consolidate the current discrete funds for road maintenance and provide more stable financing for road maintenance. The Secretary of PWD agreed to take this up to the Cabinet.

**32. E-governance/Computerization of PWD.** HP has been selected as one of the states supported by the GOI for implementation of e-procurement. The GOHP has awarded the contract for developing the software for e-procurement system to PWC and aims to implement it by the end of current year. The mission reviewed the software developed by NIC for the irrigation and public health department (IPH), which has been implemented in 7-8 IPH divisions. The system includes various modules – **HR** which in addition to the full information of the employee also assigns functions and limitation to access in the system; **Business Process /Work Flow; Accounting, Payment and Financial Statements;** and **Project Management** once the tender is awarded. All these modules are interlinked and the necessary reports are generated through the system. The system is web based and connectivity is provided through HIMSWAN up to sub-divisional level. Since the work process of IPH is similar to that of PWD, this software can be easily customized for the PWD by modifying the masters. The time and cost of modification of the software system by NIC would be quite low. The system can be implemented in a PWD Zonal office in next 6-8 months once the contract is signed and requisite hardware is procured. In case PWD decides to go through this mode, they need to immediately assign a group of persons to

interact with the software developer to go into the details of work flow module and modify the masters. The mission noted that PWD would not need the services of project management consultant as proposed in the past.

**33. Road Information System and Road Maintenance Management System.** The Bank has provided no-objection to PWD to appoint an data collection agency through a services contract using the least cost selection (LCS) method. This agency will collect data for the core road network, consisting of SH and MDR, integrate the RMMS and RIS system, and help enhance the capacity of PWD in its implementation.

**34.** The agency is also expected to enhance the RMMS and RIS to enable PWD/RIDC to select the network for periodic maintenance and the type of intervention in a more scientific manner. RIDC should aim to use the RMMS and RIS to prepare (i) the annual maintenance evaluation report (IFY09/10) to assess the road maintenance achievements in the previous year and the future maintenance needs; and (ii) an annual maintenance plan (IFY10/11) for core road network by Feb 28, 2010.

**35. PWD Gang Labor Productivity Study.** The recently completed study provides the latest inventory of labor (including their age profile) and the functional requirements for labor for different types of works at different locations. It finds the labor situation is better than normal perception. Current labor is about 33% more than required, and the total surplus labor can be reduced from currently 11120 to 552 in five years due to retirements, absorption by increased network, early retirement for health reasons. Three major reasons for low productivity of the labor are identified: unbalanced distribution of labor forces, low utilization of machines and equipments, and outdated maintenance practices and skills. During the September 2008 mission, the Bank was informed that the findings of report were presented to the Chief Minister, and he has asked the department to prepare a detailed action plan for his consideration. However, no progress has been made since then. The mission briefly discussed the findings of this study with the Chief Secretary and Principal Secretary of PWD and they agreed to invite the consultant to make a presentation to the Cabinet and decisions may be taken at the Cabinet level.

**36. ISO 9001 QMS and 14001 EMS Implementation.** The consultants have started the work on this study. However, given that the ISO 9001:2000 is being replaced with ISO 9001:2008, the consultant is suggesting that RIDC should target the 2008 standard rather than the 2000 standard which was the initial target of the consultant's work. It was agreed that the consultant will prepare a proposal (including cost and time implications) and submit it to RIDC for its decision.

**37. Proof-Review of Tunnel Design.** RIDC has selected an international expert to peer review the designs of the tunnels, and invited the consultant to negotiate and sign the contract in Shimla in the week of May 20, 2009. Observations of this expert will be provided to the Tunnel Design consultants who will in turn to address them in the final designs.

**38. PPP for Tunnels and Roads.** The mission was informed that the Tunnel Consultant has drafted tendering document for a BOT project for one Tunnel (T5- between Kainchimore and Mela) and RIDC planned to submit it for GoI's viability gap financing after obtain approval from GOHP. The mission suggested that GoHP should study different financing models for other Tunnels and priority roads, including BOT/Annuity model and other PPP options as well as government financing. It was agreed with RIDC and the Finance Department that RIDC will prepare a PPIAF application to engage a Financial Advisor to help GOHP develop a PPP strategy for the road sector (which covers both roads and Tunnels). RIDC will submit the application to DEA through the State's Finance Department by end of May 2009. A sample Terms of Reference has been provided to RIDC by the Bank team.

**39. PWD/RIDC Human Resources Management (HRM).** The mission received a presentation made by the HR study consultants on the training needs assessment for PWD/RIDC, which is part of the HR study. The mission recommended the consultant to strictly follow the tasks defined in the ToR. Before producing any training plans, the consultants should first discuss with the PWD and RIDC on the development direction of the HP PWD and RIDC, based on international experience and Indian good practices as well as visions set up by GOHP (as defined in the draft road sector policy); and then propose job descriptions required by the future needs of the PWD and RIDC, and assess the gaps between the future job requirements and current job profiles. Finally the consultants should propose HR management policy (including training plans) to bridge the HR gaps within timeline required by the development needs of the PWD and RIDC. The consultants agreed to follow the above process to continue their study.

### **Financial Management**

**40. Disbursement.** Disbursement as on April 21, 2009 is USD 24.37 million which represents 11.08% of the loan of USD 220 million. The last disbursement was made against the quarterly IUFRR for the quarter ending Jun08. Reimbursement claims for quarter ending Sep. 08 & Dec. 08 have been lodged with the CAAA but need to be followed up so that the same are forwarded to the Bank at the earliest.

**41.** Project Financial Management continues to be satisfactory; the following are the recent developments as well as key issues: (a) some training of financial management aspects has been delivered in the past six months. However this is insufficient and much more training needs to be provided (engineers, contractors, divisional accountants) to ensure smoother implementation of project activities; (b) the electronic fund transfer arrangements to all suppliers is working satisfactorily, an assessment is being made as to whether HPRIDC adheres to the service standard of releasing payments within one month as per contract conditions; (c) HPRIDC will be rehiring internal auditors for FY 2009 – 10 onwards following a competitive selection basis. Past audit report have shown significant weaknesses in implementing contract terms and conditions; corrective action against the same needs to be taken in a timely manner; (d) all payments should henceforth be under joint signature of two responsible officers of HPRIDC; the current system of payments under single signatures should be discontinued; and (e) as per orders issued by the Secretary PWD in June 2008, the General Manager Finance should also be a member of the Contract Award Committee for all maintenance contracts; however this order needs to be implemented for all contracts/ location with immediate effect. For details on FM issues, please refer Annex 10.

### **Procurement**

**42. Procurement Plan.** The mission requested RIDC to update the procurement plan for the period of July 2009-June 2010 for Works, Goods and Services (including consultancies). It was agreed that RIDC will send the updated procurement plan to the Bank for review by May 15, 2009.

**43. Post Review.** The mission has received the RIDC response to the Post review report for contracts awarded during year 2006-07, but found it incomplete. The mission requested RIDC to send completed response to the Bank by June 30, 2009.

**44.** The mission was informed that the Construction Supervision Consultant has been frequently requesting replacement of personnel. It urged RIDC to strictly enforce all contract requirements related to this matter, and inform the Bank on the impact of the penal clause of retaining 1% as stipulated under clause 6.4 (b) of the Special conditions of contract in the consultancy contract for the Construction Supervision Consultant.

**45. Strengthening Procurement Capacity.** The procurement performance is rated **Unsatisfactory**. The mission held detailed discussions with GoHP, PWD and RIDC on procurement and contract management issues, including excessive time taken for concluding of phase 2 upgrading contract packages, non-adherence to the Bank's procurement guidelines and loan/project agreements, and low performance in contract management. The need for strengthening the procurement capacity and contract management of the Project was discussed. The GoHP agreed to bring back the procurement officer who was transferred, and also agreed to implement a comprehensive action plan to improve the procurement and contract management. The action plan includes the following key actions (detailed actions are provided in the Annex 9):

- (i) Designate and maintain a dedicated Procurement Team and provide procurement training for all key staff/officers working on the project.
- (ii) Streamline the Procurement Process and Contract Management, and meet professional business standard.
- (iii) Strive to further improve the procurement, contracting environment and competition in bidding.
- (iv) Timely disclose procurement information to public and to all bidders as per the agreed disclosure policy.
- (v) Complete response to the Bank on the matters listed in the Annex as per agreed schedule
- (vi) Consider piloting an independent procurement evaluation system for PWD and RIDC (- Bank will provide information of international and domestic good practices).

#### **Project Management**

**46. RIDC Staffing.** The mission stressed the need for stability of the project management team over the entire tenure of the project. GOHP assured to the mission that it will ensure the stability of the project management team and some incentive in a form of appropriate compensation to encourage RIDC engineers to stay in a longer period with the project may be provided.

**47. Project Management at PMU (RIDC HQ).** The mission observed the PMU which is located at the RIDC HQ has not been functioning well during the past half year. The Project Director has not been able to stay full time in Shimla due to family reasons and has made limited visits to the project sites. Several key posts, including Procurement, social, and forest officers, have been vacant for sometime without replacement. Division of responsibilities among the current staff has also varied from what has been defined in the Operations Manual. Some important functions of RIDC, such as monitoring and evaluation, quality control over the designs of upgrading works, environmental management, follow-up on institutional studies, are not yet to be handled by any focal persons. NGO was demobilized without informing the Bank until few months later and there has no transitional arrangement for land acquisition and R&R assistance. RIDC agreed to look into these project management problems in the PMU and will take firm actions to improve it. The actions may include hiring a Project Management Advisor consultant to assist the Principal Secretary of PWD and the Project Director in project management. RIDC will forward to the Bank the list of those actions by end of May 2009.

**48. Training Plan.** The mission discussed the training needs for RIDC, especially the urgent needs for procurement and contract management training. It was agreed that RIDC will prepare the training plan for IFY 09-10, which will include a comprehensive procurement cum contract management program to be completed during the forthcoming monsoon in July. The mission informed RIDC that several institutes, such as Administrative Staff College of India (ASCI) in Hyderabad, National Institute of Training for Highway Engineers (NITHI) in Delhi and

National Institute of Financial Management (NIFM) in Delhi, are providing such procurement and contract management courses regularly. They can also provide tailor-designed courses if there are large number of participants. RIDC agreed to contact these institutes immediately.

**49. Project Monitoring and Reporting.** The mission requested RIDC to use the agreed Project Report format (which contains 8 excel-based reports and has been agreed at the project appraisal stage) to monitor project progress. It was agreed that (i) RIDC will complete the Project Report (as of March 31 2009) and forward it to the Bank by May 15; (ii) RIDC will regularly update the Project Report and forward it to the Bank within 15 days after every quarter.

**50. Performance Monitoring Indicators (PMI).** The mission and RIDC jointly reviewed the PMIs and updated the value of PMI indicators based on available information.

**51. Information Disclosure.** The mission had a quick review of the RIDC website and found it was properly maintained and most of the key information/documents required by PWD/RIDC Information Disclosure Policy, including all bid documents, have been made available on the website.

**52. Compliance with Loan Covenants.** The project and Loan Agreements were reviewed during the mission. All of the Project and Loan Agreement covenants (except compliance with the Operations Manual) are in compliance. GoHP agreed that it will ensure RIDC and PWD follow with all requirements of the Operations Manual. In case there is need for modifying the Operations Manual, it will seek consent from the Bank and approval from HPRIDC Board for those modifications.

**53. Next Implementation Support Mission.** The next full implementation support mission is scheduled for September/October 2009. The Bank will undertake an interim mission in July/August, 2009 to review the progress in project implementation.

#### **IV. ANNEXES**

**Annex 1** Status of Key Project Implementation Action/Activities (agreed during the last Mission)

**Annex 2** Key Project Implementation Action/Activities (agreed during this mission and to be reviewed during next mission)

**Annex 3** People Met by the Mission

**Annex 4** Detailed Mission Comments on Upgrading Works

**Annex 6** Detailed Mission Comments on Maintenance Works

**Annex 7** Detailed Discussions on Social Issues and Agreed Actions

**Annex 8** Detailed Discussions on Environment Issues and Agreed Actions

**Annex 9** Actions to Strengthen Procurement and Contract Management Capacity at RIDC

**Annex 10** Financial Management Issues and Actions

**Annex 11** Status of Upgrading Works

**Annex 12** Status of Maintenance Works (Tranche I and II)

**Annex 13** Status of all Consultancy Services

**Annex 14** Status of Encumbrances in All Phase 1 Upgrading Roads

**Annex 1**

**Status of Key Project Implementation Action/Activities (agreed during the last Mission)**

<b>S. No.</b>	<b>Key Actions</b>	<b>By whom</b>	<b>Target Date</b>	<b>Status</b>
<b>UPGRADING COMPONENT</b>				
<b>Upgrading Works</b>				
	All contractors for Phase I works achieve 10% physical progress	Contractors	Nov 30, 2008	Not complete
	Award Phase 2 upgrading works	RIDC	Dec 31, 2008	Not complete
<b>Supervision Consultancy</b>				
	Implement actions agreed (as listed in paragraph 14 & 16 of the AM)	CSC	Immediately	Partially complete
<b>MAINTENANCE &amp; MANAGEMENT COMPONENT</b>				
<b>Maintenance Works</b>				
	Complete all Tranche-I contracts (except 2)	Contractors/ TE/PWD	Oct 31, 2008	Only 7 complete
	Award Tranche-II contracts	RIDC	Oct 31, 2008	24 (out of total 27) contracts awarded
<b>Technical Examination Consultancy Service</b>				
	Submit Bi-weekly one-pager report to RIDC	TE	End of every second week	Complete. TE demobilized March 29, 2009
	Monthly debrief meeting with CE cum PD	TE/ RIDC	Every first week	Complete
	Training for PWD engineers and contractors (for both tranche I and II)	TE	Continuous	Partially complete
	Ensure PWD engineers are present at the site and participate in training organized by TE consultant	PWD	Immediately	Complete
<b>Computerization</b>				
	Finalize the ToR for Project Management Consultant to assess the need for PWD computerization	PWD/RIDC	Sept 30, 2008	PMC is no longer required
<b>Annual Maintenance Plan for Core Road-network /Tranche III/IV Preparation</b>				
	Complete DPRs and Bids Documents for Tranche III maintenance program (including PBMC contracts)	PWD/RIDC	Aug 31, 08	To be completed by June 30, 2009
<b>Road Financing &amp; Road Fund</b>				
	Organize meeting among top decision makers to review and discuss the final report	PWD	Oct 31, 2008	Not complete
	Send to the Bank PPIAF application	RIDC	Oct 15, 2008	Not complete
<b>Road Safety</b>				
	Issue RFP	RIDC	Oct 31, 08	Complete
	Forward the technical evaluation to the Bank	RIDC	Dec 31, 2008	Complete
<b>Utility Shifting</b>				
	Complete Utility Shifting for milestone 1 of contract 1,2,3,5	Utility Department	Aug 31, 2008	Not complete
<b>Social Safeguard</b>				
	Complete Land Acquisition Plan for Phase 2	Design Consultant	April 25, 2008	Not complete
<b>Environmental Management</b>				
	Contractors to mobilize environment and safety officers – Phase I upgrading contracts	Contractors	Sept 30, 2008	Completed except contract 4
	Conduct first round of training on environmental management	CSC	Oct 31, 2008	Conducted in Feb and March 2009
	Bio-engineering and Bio-diversity reports for phase	RIDC /	Oct 31, 2008	Reports finalized;

	II works to be finalized and disclosed	Bank		Endorsement from Nodal Forest Official, PWD and Horticulture Wing Awaited; Disclosure pending
	Final Bio-engineering training plan to be submitted to the Bank for review	RIDC	Sept 30, 2008	Not complete
	Obtain Forest Clearances for Phase 2 Roads	PWD/RIDC	Dec 31, 2008	Not complete
<b>PROJECT MANAGEMENT</b>				
	Review implementation of RIDC Information Disclosure Policy	Bank	Dec 31, 2008	Complete
<b>Procurement</b>				
	Send Bid Evaluation Reports for contract packages 7, 9, 8, 10	RIDC	Sept 30, 2008	BER for Package 8 cleared by the Bank. Package 7,9,10 have been re-bided
	Submit updated Procurement Plan to the Bank	RIDC	Oct 31, 08	Complete
<b>Training</b>				
	Organize social and environment training for AEs and Contractors	RIDC	Nov 30, 2008	Partially complete
	Implement the Training Plan for IFY 08/09	RIDC/PWD	As per plan	Complete
<b>Others</b>				
	Project Director to have monthly meetings with Chief Engineers of all concerned zonal officers	RIDC	Every month	Partially complete
	Prepare and submit proposal for tunnel project financing	RIDC / Govt. of HP		Not complete
	Prepare TOR for inviting proposals from international experts for proof review of tunnel design	RIDC	Sept 30, 2008	Complete
	Forward list of all detailed tasks with cost estimates for hiring external agency to enhance RIS & RMMS	RIDC	Sept 15, 2008	Complete
	Submit Inception Report	Consultant	Sept 30, 2008	Not complete
	Furnish Quarterly Progress Reports	RIDC	Every quarter	Not complete
	Furnish first updated project costs	RIDC	Sept 15, 2008	Not complete
	Proposed technical mission	Bank	Nov-Dec 2008	Not carried out
	Proposed implementation support mission	Bank	Mar-April 2009	Complete

**Annex 2**

**Key Project Implementation Action/Activities (to be reviewed during next mission)**

<b>S. No.</b>	<b>Key Actions</b>	<b>By whom</b>	<b>Target Date</b>	<b>Status</b>
<b>Upgrading Works</b>				
	All contractors for Phase I works achieve 10% physical progress	Contractors	July 31, 2009	
	Award Phase 2 upgrading works	RIDC	Aug 31, 2009	
	Install hot mix plant, WMM plant and the crusher. Paver and bitumen pressure distributor also have to be mobilized.	contractor for package 1	May 2009	
	Carryout and approve mix designs for WMM, DBM and BC	All contractors, CSC	Packages 1, 2, 3 & 5 – May 2009  Package 4 – June 15, 2009	
	Carryout joint survey for assessment of hindrances	contractors, CSC, and RIDC	May 2009	
	Mobilize bitumen pressure distributor and paver	contractors for packages 2 and 3	May 2009	
	Complete the work including laying of bituminous courses on the 10 km stretch on which presently sub-base works are in progress	contractors for packages 2 and 3	June 2009	
	Prepare a variation order for the deleted items of work	CSC	May 2009	
	Ensure that slope protection measures are taken up on the cut slopes especially when the slopes are consisting of conglomerates of soils and pebbles	CSC and RIDC	Sept 15, 2009	
	Ensure that the contractor deploys the equipment for which duty exemption certificates from the employer were taken	CSC and RIDC	May 2009	
	Deploy all the machinery/equipment mentioned in the contract documents	contractor for package 4 and 5	May 2009	
<b>Maintenance Works</b>				
	Complete remaining Tranche-I contracts	Contractors/TE/PWD	May 31, 2009	
	Award remaining Tranche-II contracts	RIDC	May 31, 2009	
	Carry out Contractors Conference for PBMC in Delhi	RIDC	May 31, 2009	
	Invite Bids for PBMC contracts	RIDC	June 15, 2009	
	Complete DPRs for Tranche-III roads	RIDC/PWD	May 31, 2009	
	Conduct a Contractors Conference in HP on Tranche-III roads	RIDC/PWD	June 30, 2009	
	Issue IFBs for Tranche-III contracts	RIDC/PWD	July 15, 2009	
	Award Tranche-III contracts	RIDC	Sept 30, 2009	
<b>Computerization</b>				
	Finalize the financing arrangements for PWD-computerization (whether Bank financing is required for software modification and/or hardware)	PWD/RIDC	Sept 30, 2008	
<b>Annual Maintenance Plan for Core Road-network /Tranche III/IV Preparation</b>				
	Issue RFP for data collection to the shortlisted firms	RIDC	May 31, 2009	
	Develop the first annual maintenance plan for the core road network using RMMS/RIS	RIDC/PWD	Feb 28, 2010	
	Prepare the first annual evaluation report on road maintenance	RIDC/PWD	Feb 28, 2010	
<b>Road Financing &amp; Road Fund</b>				

	Obtain principal support from GOHP on the major recommendation of the final report	PWD	Sept 30, 2009	
	Forward to the Bank draft PPIAF grant application for developing PPP financing models for tunnels and core roads	RIDC	May 31, 2009	
	Submit the PPIAF application to State finance department which will forward it to DEA	RIDC	June 30, 2009	
<b>Gang Labor Productivity Improvement Study</b>				
	Invite the consultant to make a presentation for GOHP and prepare an implementation plan	RIDC	June 30, 2009	
<b>Road Safety</b>				
	Award the contract for the study	RIDC	May 31, 2009	
<b>Utility Shifting</b>				
	Complete Tree Cutting and Utility Shifting for milestone 1 of all Phase 1 contracts	GOHP	June 30, 2009	
	Complete Tree Cutting and Utility Shifting for other milestones of all Phase 1 contracts	GOHP	Sept 30, 2009	
<b>Social Safeguard</b>				
	Land acquired for first phase works priority stretches	GOHP	July 2007 / May 31 2009	
	Land acquired for rest of the stretches of phase I roads	GOHP	February 2008 / June 30, 2009	
	Micro-plans for compensation and R&R assistance for titleholders and non titleholders of all the milestones of phase I packages to be completed	NGO/RIDC	March 15, 2007 / June 30, 3009	
	ID cards for titleholders and non-titleholders of all the milestones of phase I packages 1to be issued.	NGO/RIDC	June 30, 2007 / October 31, 2009	
	Joint bank accounts of all PAPs of phase I roads to be opened	NGO/RIDC	November 30, 2009	
	Disbursement of compensation and R&R assistance for all the milestones of phase I packages (for both titleholders and non titleholders )	GOHP/RIDC/NGO	July 31, 2007/ December 31, 2009	
	Implementation of income restoration plan for phase I roads	NGO/RIDC	October 30, 2009/ February 28, 2010	
<b>Environmental Management</b>				
	Obtain Forest Clearance for pending cases in contracts 4 and 5 – Phase 1 up-grading works	RIDC	By July 31, 2009	
	Obtain Forest Clearance for Phase 2 up-grading works	RIDC	By October 31, 2009	
	Resolve ‘Khair’ tree cutting issue on contract 3	RIDC/Forest Dept	-	
	Obtain clearance for trees on private land on all Phase 1 up-grading works	RIDC/CMUs	By September 30, 2009	
	Mobilization of Environment Officer by CSC and Environment and Safety Officers by Contractors on packages 4	CSC	Immediate	
	Obtain all required clearances/permissions for camp and plant site establishment and operation (including proper documentation)	RIDC/CMUs/ CSC/ Contractors	By July 31, 2009	
	Designate/mobilize Nodal EO in RIDC	RIDC	By June 15, 2009	
	Finalize and complete BE training	RIDC/ Horticulture Wing	July 31, 2009	
	Confirm about Environment Clearance requirement for Phase II upgarding works	RIDC	Immediate	

	Review and finalise for man-month requirements for EOs and BE specialist in CSC team and take necessary action	RIDC/CSC	June 15, 2009	
<b>PROJECT MANAGEMENT</b>				
	Forward to the Bank an action plan to improve performance of the PMU	RIDC	May 31, 2009	
	Review the job requirements for RIDC and fill in the vacant posts	RIDC	May 31, 2009	
	Develop the new year Training Plan for RIDC	RIDC	May 31, 2009	
	Complete a comprehensive procurement and contract management training course for at least 20 PWD/RIDC engineers in Shimla	RIDC	July 31, 2009	
<b>Financial Management</b>				
	Deliver FM training at Mandi, Dharamshala and Shimla	RIDC	July 09, Nov 09 and Feb 10	
	Send revised Audit Terms of Reference/ selection criteria to the Bank for approval	RIDC	May 2009	
	Issue Request for Proposals	RIDC	June 2009	
	Complete evaluation and selection of Internal Auditors	RIDC	July/ August 2009	
	Prepare and share a timetable for receipt, review of audit reports and for taking corrective actions	RIDC	June 2009	
	Make all payments under joint signature of two responsible officers of HPRIDC.	RIDC	immediate	
	Ensure the GM Finance of HPRIDC to be an integral part of the Bid Evaluation Committee for all maintenance contracts	RIDC	immediate	
	Provide information on time taken for making payments as per agreed format	RIDC	June 2009	
<b>Procurement</b>				
	Submit to the Bank the procurement plan for the next 18 months	RIDC	May 15, 2009	
	Send to the Bank the GOHP's response to Bank's post review observations		June 30, 2009	
	Award package 8	RIDC	May 31, 2009	
	Complete BER for Package 7,9,10	RIDC	June 30, 2009	
<b>Others</b>				
	Sign the contract for tunnel design proof reviewer project financing	RIDC	May 31, 2009	
	Submit to the Bank Quarterly Progress Reports (8 excel-based tables)	RIDC	Within 15 days after Every quarter	
	Joint review of project performance	GOHP/Bank	July 31, 2009	
	Next implementation support mission	Bank	Sept/Oct 2009	

**Annex 3**  
**People Met by the Mission**

Sr. No.	Name	Designation/ Address
<b>Govt. of Himachal Pradesh</b>		
1.	Smt. Asha Swaroop	Chief Secretary to GoHP
2.	Sh. P.C. Kapoor	Pr. Secy. (PW) to GoHP-cum-M.D. HPRIDC
<b>HPRIDC</b>		
3.	Sh. Sonam Ringchain Negi	Project Director, SRP, HPRIDC, Shimla
4.	Sh. Rakesh Gupta	Executive Engineer (T&D) HPRIDC, Shimla
5.	Sh. A.K. Dutta	Executive Engineer (CM), HPRIDC, Shimla
6.	Sh. Anil Gupta	Executive Engineer (CMU) HPRIDC, Shimla
7.	Sh. Pritam Chand Bandan	Executive Engineer. (CMU) HPRIDC, Dharamshala
8.	Sh. A.K. Sood	Executive Engineer. (CMU) HPRIDC, Hamirpur
9.	Sh. Suresh Kapoor	Executive Engineer (CMU) HPRIDC, Una
10.	Sh. Raujif Sheikh	A.E (P) HPRIDC, Shimla
11.	Sh. Deepak Kumar	A.E. HPRIDC, Shimla
12.	Sh. Lalit Kumar	A.E (T&D) HPRIDC, Shimla
13.	Sh. A.K. Soni	A.E. (P) HPRIDC, HPRIDC, Shimla
14.	Sh. Atul Jyoti	A.E. (CMU) HPRIDC, Shimla
15.	Sh. R.S. Jaswal	A.E. (T/D) HPRIDC
16.	Sh. Arvind Lakhanpal	A.E. (Design) (IO), HPRIDC
17.	Sh. Anup Sharma	A.E, (CMU) Una
18.	Sh. Hardeep Singh	D.E. (CM), HPRIDC
19.	Sh. Rakesh Sharma	D.E. SRP, HPRIDC
20.	Sh. Arun Lakhanpal	J.E. (IT), HPRIDC
21.	Sh. Vijay Bakshi	H.D.M (T/D), HPRIDC
22.	Sh. Ritesh Raj Toor	Sr. Asstt., HPRIDC
23.	Sh. Tuldhan C. Negi	Naib Tehsilsar O/o S.D.O. HPRIDC, Shimla
<b>HPRIDC (Finance)</b>		
24.	Sh. Anil Kapil	G.M.-cum-F.A. HPRIDC, Shimla
25.	Sh. Virender Bhardwaj	Dy Manager (Fin.), HPRIDC Shimla
<b>HP Public Works Department</b>		
26.	Sh. Arun Mahajan	Engineer-in-Chief, HP.PWD
27.	Sh. R.C. Gupta	Engineer-in-Chief (QC&D), HPPWD

28.	Sh. Arun Sharma	Chief Eng. (PMGSY), HP.PWD
29.	Sh. B.B. Kalra	S.E. (WB), HP.PWD
30.	Sh. Vijay Kapoor	S.E. (Works) Central Zone, HP.PWD, Mandi
31.	Sh. M.S. Thakur	S.E. (QC&D) U.S. Club, Shimla, HPPWD
32.	Sh. Arunesh Sharma	S.E. (Works) Dharamshala, HPPWD
33.	Sh. O.P. Verma	E.E. Shimla Divn. No.1, HPPWD. Shimla
34.	Sh. C.L. Gupta	E.E. Shimla Divn. No.2, HPPWD, Shimla.
35.	Sh. B.C. Pardeshi	E.E. (QC) U.S. Club, Shimla, HPPWD
36.	Sh. Harbans Negi	E.E. (B&R) Divn. Rampur, HPPWD
37.	Sh. R.S. Sandhu	E.E. Dalhousie Division, HPPWD
38.	Sh. Ajay Garg	E.E. Kumarsain Division, HPPWD
39.	Sh. R.K. Sood	E.E.(QA) Dharamshala, HPPWD
40.	Sh. A.K. Chauhan	EE Kullu Divn.No.2, H.P.PWD. Kullu
41.	Sh. P.K. Gupta	EE, Kullu Divn.No.1, H.P.PWD. Kullu
42.	Sh. R.K. Verma	EE. Toni Devi Divn. (Hamirpur), HPPWD
43.	Sh. C.L. Gupta	E.E. Division No.2, Bilaspur, HPPWD
44.	Sh. B.R. Dhiman	E.E. Solan Division, HPPWD
45.	Sh. M.G. Thakur	EE. Kasauli Division, HPPWD
46.	Sh. M.K. Kaushal	E.E. (Horticulture) Shimla, HPPWD
<b>The Louis Berger Group Inc.</b>		
47.	Sh. Audie C Pinade	Team Leader, LBG/ Design
48.	Mr. Andrew Bogle	Team Leader, LBG
49.	Sh. Sanjay Kumar Singh	R.E. LBG
50.	Sh. Pankaj Sharma	R.E. LBG
51.	Sh. Ajay Arora	R.E. LBG
52.	Sh. Sanjeev Kumar	The LBG
<b>Longjian Road &amp; Bridge Co., China</b>		
53.	Sh. Yuan Xueshen	Project Manager, Longjian
54.	Sh. Ashok Rajan	Sr. Adviser, Longjian
55.	Sh. Inder Sharma	Environmental Engineer, Longjian
56.	Sh. Anil Kumar Vishwakarma	Planner Engineer, Longjian
57.	Sh. Ram Kaushal	Project Manager
58.	Sh./ Diao Zai Xuan	Project Manager
59.	Sh. Sujeet Singh	Planner Engineer, Longjian

<b>C&amp;C Constructions, India</b>		
60.	Sh. H.K. Garg	P.M. of C&C Construction
61.	Sh. Neeraj Aggarwal	Sr. P.M. C&C Construction
62.	Sh. B.C. Mandal	G.M. C&C Construction
63.	Sh. S.K. Singh	P.M. C&C Construction
64.	Sh. Rajesh Kumar Sharma	Planning Engineer, C&C Construction
65.	Deepak Sharma	Environment and Safety Officer, Contract 2
66.	Mr. Rishi Punia	Environment and Safety Officer, Contract 3
<b>JPS Associates, New Delhi</b>		
67.	Sh. Ramesh Rana	H.R. Expert, JPS
68.	Sh. O.P. Nigam	Ex. Dir. JPS
69.	Sh. C. Divakar	Sr. Consultant, JPS Associates, N. Delhi
<b>EQMS (India) Pvt. Ltd., New Delhi</b>		
70.	Sh. Tushar Jindal	Manager-EHS Management System, EQMS

## Annex 4

### Detailed Mission Comments on Upgrading Works

The Component 1 (Corridor Network Improvement) of the project envisages upgrading of 435 km of roads in the Core Road Network (CRN). HPRIDC is implementing this component through 10 contract packages in two phases. All five contract packages of phase 1 upgrading works, which constitute a total length of 232 km, have been awarded at a total cost of Rs 5908 million. In all these contract packages, the contractors and the supervision consultants have mobilized and the civil works are at initial stages with physical progress ranging from 0.9% to 3.22% by 31 March 2009. Of the five contract packages of phase 2 upgrading works, for one of the packages, no-objection for award of works has been communicated by the Bank, and for the remaining four packages, procurement is in progress. The mission visited project sites of four phase 1 roads i.e. Mehatpur-Una-Jahalera-Amb Road, Una-Bangana-Barsar Road, Barsar-Jahu Road and Jahu-Kalkhar Road. The mission, along with the officials of RIDC and the supervision consultants, discussed the progress of works with the contractors of all phase 1 roads.

**Contract Package 1: Mehatpur-Una-Jahalera-Amb Road; Contractor: Longjian Road and Bridge Limited Company:** After initial delays, the works in this Rs. 1265 million contract package have commenced on 8 May 2008. In this 44.8 km-long road, the scope of work includes widening of existing highway to four lanes in about 16.2 km length and widening to standard two lane configuration in the remaining 28.6 km length. The project also has several structures. 8 major bridges, 4 minor bridges and 18 box culverts have to be constructed new, whereas, 48 box culverts and 2 pipe culverts are to be widened; and 33 box culverts have to be repaired. The works are divided into 3 milestones with 9.123 km, 12.58 km and 23.12 km length covered in milestones 1, 2 and 3 respectively. As per contract agreement, milestones 1, 2 and 3 have to be completed by 7 May 2009, 7 Feb 2010 and 7 Nov 2010 respectively. However, delays in handing over of encumbrance-free site to the contractor are still persistent. Land acquisition, cutting of trees and shifting of utilities such as water pipelines, hand pumps, electric poles and transformers are still in progress. After long initial delays, now the contractor has largely mobilized the resources and working on the encumbrance-free stretches. Earthworks are in progress in about 8 km length in several discontinuous sections. Structural works have started in 3 major bridges, 1 minor bridge and 10 box culverts. The overall physical progress of works in this package is 2.18% as against the targeted progress of 6.02% as per the revised work program. The contractor has received 5% of the contract price as mobilization advance and one IPC for the work done. The contractor is installing the hot mix plant, WMM plant and the crusher. Paver and bitumen pressure distributor have to be mobilized. Mix designs for WMM, DBM and BC need to be carried out. The contractor is in the process of identifying some more borrow areas for earth and quarry sites for the aggregates. The aggregates for the works are presently being procured by the contractor from local sources as the process of obtaining approval for operation of quarries has been taking a long time and the crusher is still being erected. The contractor also needs to do advance procurement actions for mobilization of materials. Non-mobilization of required financial resources by the contractor has hampered the procurement of some key materials such as reinforcement and that is the cause for slow progress of structural works. Since the project has a number of structures for construction with fifty percent of the contract price attributed to the structures, the contractor needs to develop separate work programs for the critical structures and take immediate steps to start the works on them. The revised work program has to be looked into by the supervision consultants for amalgamation of processes and procedures required as per the environmental management plan. Though the contractor and the employer have been discussing on redefinition of milestones, they have not come to any conclusion. The contractor, employer

and the supervision consultants need to conduct a joint survey for assessment of hindrances as they all seem to have different opinions on hindrances at present. The GSB layer, which has been laid, has segregated aggregates at some locations. The consultants should ensure that the GSB mix is uniform. Advance plans have to be made for utilization/disposal of scarified bituminous material. The contractor needs to have personnel with good communication skills in English as this is also causing delays in implementation of the project. RIDC and the supervision consultants assured that they would render advice to the contractor and take proactive steps to expedite progress of works.

**Contract Package 2: Una-Bangana-Barsar Road; Contractor: C&C Constructions Limited:**

The works in this Rs. 989 million contract package have commenced on 14 May 2008. In this 45 km-long road, the scope of work includes widening of existing highway to four lanes in about 1.9 km length and widening to standard two lane configuration in the remaining 43.1 km length. The project also has several structures. 1 major bridge, 8 minor bridges, 98 slab culverts, 14 pipe culverts and 40 box culverts have to be constructed. The works are divided into 4 milestones with 9 km, 10 km, 16 km and 10 km length covered in milestones 1, 2, 3 and 4 respectively. As per contract agreement, milestones 1, 2, 3 and 4 have to be completed by 14 Feb 2010, 14 Nov 2010, 14 May 2010 and 14 Nov 2010 respectively. However, delays in handing over of encumbrance-free site to the contractor are still persistent. Land acquisition, cutting of trees and shifting of utilities such as water pipelines, hand pumps, electric poles and transformers are still in progress. The contractor has mobilized the resources and working on the encumbrance-free stretches. Works are in progress in about 10 km length. Structural works have started in 1 major bridge, 8 minor bridges, 1 pipe culvert, 1 slab culvert and 5 box culverts. The overall physical progress of works in this package is 3.22% as against the targeted progress of 4.83% as per the revised work program. The contractor has received 5% of the contract price as mobilization advance and four IPCs for the work done. The contractor has mobilized most of the machinery. Bitumen pressure distributor has to be mobilized immediately since bituminous works are likely to start in few days. Mix designs for WMM, DBM and BC need to be carried out and approved. The contractor informed that they are likely to get clearances for quarrying in few days' time. The contractor is in the process of identifying some more borrow areas for earth and quarry sites for the aggregates. The aggregates for the works are presently being procured by the contractor from local sources as the process of obtaining approval for operation of quarries has been taking a long time. The revised work program has to be looked into by the supervision consultants for amalgamation of processes and procedures required as per the environmental management plan. Since the project has a number of structures for construction with thirty percent of the contract price attributed to the structures and drains, the contractor needs to develop separate work programs for the critical structures and take immediate steps to start the works on them. Since the project scope consists of construction of about 20 km of V drain and 3.75 km of covered drain, the mission advised that it may be prudent if these drains are pre-cast. The contractor informed that the drains will be cast in-situ as they can deploy sufficient gangs of labor for construction of drains. The contractor and the employer have discussed on redefinition of milestones, and decided not to modify/redefine the milestones. The contractor, employer and the supervision consultants need to conduct a joint survey for assessment of hindrances as they all seem to have different opinions on hindrances at present. The mission was informed that some of the items relating to shifting of utilities, which amount to approximately Rs. 85 million, have been deleted from the scope of work of the contractor and a suitable variation order to this effect will be prepared by the supervision consultants. Since the monsoon is fast approaching, the contractor should complete the work including laying of bituminous courses on the 10 km stretch on which presently sub-base works are in progress. The supervision consultant needs to expedite the approval of bituminous mix designs to achieve this. The mission was also informed that one of the bridges will be on a curve with approaches and the bridge on about 6% gradient for a length of over one km. The mission

advised HPRIDC to have passing places and additional safety measures as required at that location.

**Contract Package 3: Barsar-Jahu Road; Contractor: C&C Constructions Limited:** The works on this Rs. 1039 million contract package have commenced on 14 May 2008. In this 45.8 km-long road, the scope of work includes widening to standard two lane configuration in the entire length. The project also has several structures. 4 major bridges, 2 minor bridges, 82 slab culverts, 19 pipe culverts and 20 box culverts have to be constructed. The works are divided into 4 milestones with 14 km, 8.25 km, 14.75 km and 8.8 km length covered in milestones 1, 2, 3 and 4 respectively. As per contract agreement, milestones 1, 2, 3 and 4 have to be completed by 14 May 2010, 14 Aug 2010, 14 Nov 2010 and 14 Feb 2011 respectively. However, delays in handing over of encumbrance-free site to the contractor are still persistent. Land acquisition, cutting of trees and shifting of utilities such as water pipelines, hand pumps, electric poles and transformers are still in progress. The contractor has mobilized the resources and working on the encumbrance-free stretches. Works are in progress in about 10 km length. Structural works have started in 3 major bridges, 5 slab culverts and 1 box culvert. The overall physical progress of works in this package is 1.44% as against the targeted progress of 4.41% as per the revised work program. The contractor has received 5% of the contract price as mobilization advance and one IPC for the work done. The contractor has mobilized most of the machinery. Bitumen pressure distributor and paver have to be mobilized immediately since bituminous works are likely to start in few days. Mix designs for WMM, DBM and BC need to be carried out and approved. The contractor informed that they recently got clearances for quarrying. The contractor is in the process of identifying some more borrow areas for earth and quarry sites for the aggregates. Recently, the contractor starting crushing the aggregates for the works, however, the process of obtaining approval for operation of quarries has taken a long time. The revised work program has to be looked into by the supervision consultants for amalgamation of processes and procedures required as per the environmental management plan. Since the project has a number of structures for construction with forty five percent of the contract price attributed to the structures and drains, the contractor needs to develop separate work programs for the critical structures and take immediate steps to start the works on them. Since the project scope consists of construction of about 20 km of V drain and 5 km of covered drain, the mission advised that it may be prudent if these drains are pre-cast. The contractor informed that the drains will be cast in-situ as they can deploy sufficient gangs of labor for construction of drains. The contractor and the employer have discussed on redefinition of milestones, and decided to modify/redefine the milestones. The contractor, employer and the supervision consultants need to conduct a joint survey for assessment of hindrances as they all seem to have different opinions on hindrances at present. The mission was informed that some of the items relating to shifting of utilities, which amount to approximately Rs. 90 million, have been deleted from the scope of work of the contractor and a suitable variation order to this effect will be prepared by the supervision consultants. Since the monsoon is fast approaching, the contractor should complete the work including laying of bituminous courses on the 10 km stretch on which presently sub-base works are in progress. The supervision consultant needs to expedite the approval of bituminous mix designs to achieve this. The consultants need to ensure that slope protection measures are taken up on the cut slopes especially because the slopes are consisting of conglomerates of soils and pebbles.

**Contract Package 4: Jahu-Kalkhar Road; Contractor: ANS Construction Limited:** The works in this Rs. 335 million contract package have commenced on 8 August 2008. In this 15.39 km-long road, the scope of work includes widening to standard intermediate lane configuration in the entire length. 13 slab culverts, 33 pipe culverts and 20 box culverts also have to be constructed. The works are divided into 2 milestones with 2.76 km and 12.63 km length covered in milestones 1 and 2 respectively. As per contract agreement, both milestones 1 and 2 have to be

completed by 10 Feb 2010. However, delays in handing over of encumbrance-free site to the contractor are still persistent. Land acquisition, cutting of trees and shifting of utilities such as water pipelines, hand pumps, electric poles and transformers are still in progress. The contractor and the employer have discussed on redefinition of milestones, and decided to modify/redefine the milestones. Survey works are still in progress. The contractor is still mobilizing the resources. Apart from two excavators and few old tippers, there is no machinery deployed at site. For some of the equipment such as tippers, the contractor has taken duty exemption certificates from the employer but yet to deploy this equipment at site. The contractor informed that they will be procuring aggregates from the contractor for packages 2 and 3. The supervision consultants should verify whether these proposed procurement arrangements of the contractor are as per the contract agreement. The contractor also has not established any laboratory. The overall physical progress of works in this package is 0.88% as against the targeted progress of 1.63% as per the revised work program. The contractor has not raised any IPCs for the payments. The revised work program has to be looked into by the supervision consultants for amalgamation of processes and procedures required as per the environmental management plan. The contractor is working only on retaining walls at four locations and few meters of excavation. The quality of construction of retaining walls has to be checked properly by the supervision consultants because (a) the wall is not set out properly, (b) the weep holes are not being constructed properly, (c) there is delay in filling backfill material, etc. The supervision consultants and RIDC also need to study the requirement of safety measures and civil works at the locations of slips and see whether these have been recommended by the design consultants and incorporated in the contract. RIDC and the supervision consultants assured that they would render advice to the contractor and take proactive steps to expedite progress of works.

**Contract Package 5: Theog-Kotkhai-Rohru Road; Contractor: Longjian Road and Bridge Limited Company:** The works on this Rs. 2283 million contract package have commenced on 5 June 2008. In this 80.68 km-long road, the scope of work includes widening of existing highway to standard two lane configuration in the entire length. The project also has several structures. 15 minor bridges, 44 slab culverts, 81 pipe culverts and 189 box culverts have to be constructed. The works are divided into 4 milestones with 25 km, 22.684 km, 13 km and 20 km length covered in milestones 1, 2, 3 and 4 respectively. As per contract agreement, milestones 1, 2, 3 and 4 have to be completed by 5 Sep 2010, 5 Dec 2010, 5 Mar 2010 and 5 Sep 2009 respectively. However, delays in handing over of encumbrance-free site to the contractor are still persistent. Land acquisition, cutting of trees and shifting of utilities such as water pipelines, hand pumps, electric poles and transformers are still in progress. After long initial delays, now the contractor has largely mobilized the resources and working on the encumbrance-free stretches. Earth works are in progress in about 9 km length in several discontinuous sections. Structural works have not started. The overall physical progress of works in this package is 2.3% as against the targeted progress of 3.5% as per the revised work program. The contractor has received 5% of the contract price as mobilization advance and two IPCs for the work done. For some of the equipment and materials such as WMM plant, crusher, steel, and cement etc. the contractor has taken duty exemption certificates from the employer but yet to deploy/mobilize these equipment/materials at site. The contractor has installed the hot mix plant but WMM plant, crusher, mechanical paver and bitumen pressure distributor have to be mobilized. Mix designs for WMM, DBM and BC need to be carried out. The contractor is in the process of identifying some more borrow areas for earth and quarry sites for the aggregates. The aggregates for the works are presently being procured by the contractor from local sources as the process of obtaining approval for operation of quarries has been taking a long time and the crusher is still not deployed. The contractor informed that the aggregates in the vicinity of the project are satisfying the requirements of specifications in respect of water absorption, impact etc. The contractor also needs to do advance procurement actions for mobilization of materials. Since the project has a number of structures

for construction with thirty percent of the contract price attributed to the structures and drains, the contractor needs to develop separate work programs for the critical structures and take immediate steps to start the works on them. The revised work program has to be looked into by the supervision consultants for amalgamation of processes and procedures required as per the environmental management plan. The contractor and the employer have agreed for redefinition of milestones. The contractor, employer and the supervision consultants need to conduct a joint survey for assessment of hindrances as they all seem to have different opinions on hindrances at present. The contractor needs to have personnel with good communication skills in English as this is also causing delays in implementation of the project. RIDC and the supervision consultants assured that they would render advice to the contractor and take proactive steps to expedite progress of works.

Agreed actions (see Annex 2 Upgrading Section).

## Annex 6

### Detailed Mission Comments on Maintenance Works

The mission visited several contracts under Tranche I and II of periodic maintenance in the northern zone of HP. Maintenance works on Tranche II roads have started on many contracts and is at various stages of progress.

#### **Summary of main issues related to maintenance works:**

***Deficiencies in DPRs:*** The mission noted that in many cases the engineers have not considered construction of 'kutchra' (earth) drains along the side of hills and connecting them to the cross drainage structures. This issue had been raised in earlier missions also. It is recommended that the PIU issues orders to all the concerned zones to ask their engineers supervising the works to assess the need and quantity of works for these drains and issue variation orders to the contractors for constructing these before the bituminous works are undertaken. In addition, it was noted that the actual condition of road surface and other structures vary significantly from the time of design, since there is a long gap of more than 2 years in many cases, between the preparation of DPR and the commencement of contract works. In many cases the PWD has undertaken overlays during the intervening period, and in some cases some sections have deteriorated to an extent that requires re-construction. The mission suggested that before start of works at newly awarded and future contracts, the PWD and contractor should take a joint visit of the road to assess the present situation and make necessary changes in the design and give appropriate variation order so that variations are minimized during implementation period.

***Sequencing of works by the contractors:*** It was observed that based on earlier mission recommendations, the contractors are undertaking completion of cross drainage works and other structural works like retaining walls, breast walls, parapets and 'pucca' lined drains etc., before carrying out the improvement of road surface. However, as pointed out in the above para, 'kutchra' drains are not constructed before the bituminous layers are placed. Also, the contractors are not constructing the shoulders simultaneously while laying the bituminous surface. The shoulders are constructed after the works on bituminous surface is completed. This leads to poor construction since the edges tend to break during compaction. Also, before planting shrubs/trees on the slide prone areas, the slopes need to be dressed up.

***Quality of construction:*** The quality of works was found to be poor in terms of implementation of works. The contractors were not using grade string lines at measured distance from the road centerline while constructing the 'pucca' lined drains resulting in uneven quality of construction. The paver was deployed to lay bituminous premix carpet without using the edge alignment guide, which resulted in uneven edges. The sand seal coat over premix carpet at some contracts was mainly done manually and produced very uneven surface after rolling. The contractor's labourers were not using proper techniques to spread the sand seal material and rolling sequence.

***Quality Control by the PWD:*** The technical auditors (TA) appointed during the construction of Tranche I roads for checking the quality of works and training the PWD staff, have completed their assignment and the works of Tranche II are audited by an independent cell created in the PIU for quality control. The cell is mandated to check 10 percent of different stages of works on all roads taken up under the periodic maintenance works under the project. The mission noticed that the cell has not been able to discharge its functions as envisaged partly due to restricted availability of vehicles and manpower assigned to this work. Also the personnel in this cell are not fully conversant with all the aspects of quality control. They have been carrying out regular

test of material but are not addressing issues related to quality of construction or sequencing of construction as described in above paras. The mission recommended that the PWD should provide better mobility to their staff, on lines of the TA consultants, and also conduct training on different aspects of quality control.

***Delays in payment to contractors and clearing variation orders:*** The contractors raised the issue of in-ordinate delays in processing of their bills and releasing payments to them. At times even after they have completed more than 40 to 50 percent of the works, the payment has not been released to them. According to the field staff of the PWD responsible for supervising the works, the delay is occurring at the PIU level. In many cases, the central PIU does not process the bill till the variations are cleared by the zonal chief engineer. The mission suggested that the zonal chief engineers should expedite clearance of variations within 30 days and thereafter concerned EE immediately forwards to PIU for release of payment. The central PIU should pay contractor's bill within 7 days after it has been forwarded by the concerned EE as long as all required supporting documents (i.e. Bank guarantee, insurance, etc.) are in order and valid. Any disputed amount can be adjusted in the next bill. This would ensure sufficient cash liquidity with the contractor to continue the work.

**Observations on individual roads visited by the mission:**

- i. Nangal Santokhgarh Tahilwala Polian Road: Km 0.00 to 17.50.  
Maintenance works including premix bitumen surfacing and bio engineering, mainly in two sections each about 4 km in length, was completed in February 2008. The road condition is satisfactory. Routine maintenance being undertaken.
- ii. Jawalamukhia Dehra-Raja ka Talab Road: Km 11.00 to 39.18. Start Date: 5/07/2007
  - first 8 km section completed in 2008 was effected by landslide and dozers were deployed to clear the debris, which resulted in damage to paved surface.
  - Erosion protection measures undertaken at critical locations.
  - Reinstated road in satisfactory condition
  - Drainage and paving works in progress at Km 39 to 40, 20mm open graded PC overlaid with 5mm sand seal
  - Lack of setting out, non use of edge pavement guide by paver operator and lack of quality control by site supervision staff, resulted in uneven edge finish of new pavement. Also, inappropriate techniques used on application of sand seal produced rough surface finish.
  - earth side drains recommended at cut sections where needed and no provision has been made in DPR.
- iii. Jawalamukhia Dehra-Raja ka Talab Road: Km 39.18 to 79.00. Tr. II. Start Date: 11/20/2008
  - paving works in progress, riding surface good
  - room for improvement in construction of 'pucca' lined drains and alignment of pavement.
- iv. Pong Dam-Fatehpur-Jessur Road: Km 36.68 to 53.60. Tr. I. Start Date: 03/16/2007
  - civil works in progress, bituminous works completed.
- v. Bharwan Chintpuri Khatiar Damtal Road: Km 0.00 to 30.085. Tr. I. Start Date: 4/05/2007

- DPR was submitted about 2 1/2 yrs ago. Condition of existing road deteriorated more than when DPR was prepared. Suggest joint inspection of PWD and contractor to determine true extent of additional works and issue VO for extra works where warranted.
  - requirement for 'kutchha' drains not adequately assessed during DPR preparation. Variation is suggested to include additional side drains. Also, concrete drains cancelled at built up areas!
  - the road alignment crosses two major low flow about 100m wide river beds for which no civil works have been included in the design.
- vi. Chintpuri Khatiar Damtal Road: Km 30.085 to 49.105
- Work in progress on civil works which includes 5 culverts and side drains.
- vii. Hamirpur to Miranda Road: Km 55.575 to 59.775. Tr. II. Start Date: 1/9/2009
- civil works completed. Pointed out to PWD staff plastering over concrete V-shaped side drains, which is not good practice; alignment of drains could have been improved if setting out was carried out before commencement of works.
  - Plan to complete PC and BM surface sealing prior to upcoming rainy season.
- viii. Dharamsala Dadh Palampur Holta Chadhiar Road: Km 15.00 to 24.00. Tr.II
- Contractor has commenced civil works on 2/26/2009. Pointed to PWD staff poor quality of concrete poured at water diversion box culvert.
  - Advised to set out the centerline of the road, based on which the alignment of permanent works should be constructed.

## Annex 7

### Detailed Discussions on Social Issues and Agreed Actions

1. **Land Acquisition.** The project has made substantial progress in land acquisition. The project needs to acquire 113.51 ha of land for the purpose of road widening and strengthening phase I roads of which 47.19 ha is private land. The land is to be acquired in 218 villages of which compensation has been disbursed in 48 villages where as negotiation has been completed in another 129 villages. So far HPRIDC has deposited INR 19.25 million with the office of LAO towards compensation for land acquisition. The table below provides the details of land acquisition in milestone 1 of all the packages:

Package	Number of villages	Number of villages where disbursement has been made	Amount deposited with LAO in INR million	Status of balance villages
I	6	6	3.808	
II	7	6	3.061	Award announced. Compensation to be disbursed after elections.
III	13	8	5.514	Award approved by the government. Compensation to be disbursed after elections.
IV	5	5	0.88	Award has been announced for some of the left out land parcels of village Garvasara. Disbursement to be made after elections.
V	26	23	4.533	Negotiation yet to be conducted in three villages

2. The progress of joint measurement survey of LA plans is extremely slow. Despite numerous LA issues, only 10 km of joint measurement survey (JMS) has been completed since the last Bank mission. So far 190 km out of total 235 km of phase I has been completed and phase II is yet to start.

3. The mission during site visits observed claims that civil works are being carried out on private land which has not been acquired in packages I, III and IV. In package I, in one instance RIDC has only acquired 26 meters wide of private land along the road section but the construction drawing shows the right of way on that section is 32 meters and civil works have been initiated according to the drawings. The mission was informed that RIDC has taken consent from affected land owners but there is no written agreement. In another case, earth excavated from the road has been dumped on private land which some villagers claimed has not been acquired by RIDC. It was agreed that RIDC will immediately start investigation on those cases and stop any kind of civil works on land parcels that are in question.

3. **Implementation of RAP:** There has been **no progress** in implementation of Resettlement Action Plan since the last Bank mission visited. Meanwhile NGO has also demobilized and HPRIDC is in the process of hiring a new NGO to complete the balance activities. Though RIDC was informed well in advance that tenure of NGO is coming to an end and would require extension, no action was taken till January 2009 when NGO formally demobilized. The broad activities yet to be carried out include (i) completion of socio-economic survey of phase II; (ii) preparation of micro plans for rest of the phase I and complete phase II; (iii) issuance of ID cards for both the phases (ID cards have been issued to NTH of milestone 1 of all the packages); (iv) opening of bank accounts of PAPs for both the phases (Bank accounts of NTH of milestone 1 of all the packages have been opened.); (v) disbursement of compensation and other R&R

assurances for both the phases; and (vi) training need assessment and training for income restoration for both the phases.

4. The mission was informed that existing road sections which are not utilized for the new road alignments would be allotted to the titleholders whose land would be acquired for re-alignment. Mission was informed that an executive order to that effect has already been issued by Government of Himachal Pradesh.

5. **Bank Account and Disbursement:** There has been no progress in opening of joint bank accounts since the visit of last Bank mission.

6. **Common Property Resources:** A total of 108 CPRs are getting affected in phase I. However, till date no CPR has been relocated.

7. **Highway Health Risks:** The NGO staff has so far arranged for five awareness campaign camps covering all the packages. IEC materials and condoms procured from Himachal Pradesh SACS has been distributed amongst truck drivers, owners and workers of road side eateries and general community residing along the project corridors. Now that the contractors have been mobilized, it was agreed that NGO will tie up with the contractors and conduct awareness campaigns in the camps. However, no awareness camps have been arranged in the contractor's camp.

8. **Land Acquisition Plan for Phase 2 Roads.** Though it was agreed that consultants will superimpose the road alignment on revenue maps, it has not been done. The LA plan submitted does not differentiate between the existing and proposed centre line. It was also agreed that DPR consultants will mark the COI on the ground, which again has not been carried out. The mission while reviewing the LA plans found that corridor of impact shown in LA plan does not matches with the "good for construction" drawings. The mission was informed that due to this reason RIDC could not acquire the required width. It was agreed that each CMU will identify such gaps in LA plan and visit the corridors along with the Design and Supervision consultants to rectify the mistakes made by the design consultants.

9. **Institutional Arrangements.** The mission found that two positions have not been filled for long time that is extremely critical for implementation of RAP viz., (i) the NGO for the last four months and (ii) the social development officer for the last six months. Though Resettlement and Rehabilitation Officers (RROs) have been appointed in all the three CMUs, they have not been allotted a vehicle thus restricting their movement for supervision purposes. Though each CMU has employed one patwari (local Revenue Officer) responsible for issues related to land acquisition, it was felt that package V will require an additional Kanoongo / patwari given the length of the corridor and extent of private land that needs to be acquired. It was agreed that RIDC will fill up the vacancy of SDO once the elections are over and they are in the process of hiring new NGO. The RIDC has appointed three accountants each for three CMUs responsible for maintaining all R&R expenses at the CMU level as well as at RIDC HQ. Since the disbursement of R&R assistance will not take more than a week, they have been stationed at Shimla. During the last mission, Bank was informed that to enhance the supervision capacity at HQ level, Superintending Engineer (Design and Planning) has been appointed as Nodal Officer for Social and Environment. However, given the current status of RAP implementation it is quite clear that this arrangement has failed to work and therefore it is all the more important to fill the vacancy of SDO. The SDO should be given a longer term till the completion of RAP implementation.

10. The mission was informed earlier that SDM has initiated anti-encroachment drive along all the three project corridors viz., Mehatpur – Una – Amb (package 1); Una – Kalkhar (package

2, 3 and 4) and Theog-Rohru (package 5). The mission was informed that CMU managed to trace back all the 5 PAPs and the one vulnerable PAP has also been assisted in relocation.

**Appendix 1: Status of Actions Agreed during the last Mission (in September 2008)**

Activity	Responsibility	Original Date / Revised Date	Status
Land acquired for first phase works priority stretches (Milestone-1)	GOHP	July 2007 / October 2008	<b>Significantly delayed.</b> In most of the cases, compensation has been disbursed and awards have been announced for the rest of the cases. The disbursement will be made after the election process is completed.
Land acquired for rest of the stretches of phase I roads	GOHP	February 2008 / February 2009	<b>Significantly delayed:</b> Negotiations have been completed in many cases (except for mile stone III and IV of package V) and even awards have been announced.
Micro-plans for compensation and R&R assistance for titleholders and non titleholders of all the milestones of phase I packages to be completed	NGO/RIDC	March 15, 2007 / December 31, 2008	<b>Significantly delayed</b>
ID cards for titleholders and non-titleholders of all the milestones of phase I packages 1 to be issued.	NGO/RIDC	June 30, 2007 / January 31, 2009	<b>Significantly delayed.</b> The ID Cards for non titleholders of MS-I have been distributed.
Disbursement of compensation and R&R assistance for all the milestones of phase I packages (for both - titleholders and non titleholders )to be completed	GOHP/RIDC/ NGO	July 31, 2007/ February 28, 2009	<b>Significantly delayed.</b>
Implementation of income restoration plan for phase I roads	NGO/RIDC	October 30, 2009	<b>Has not started yet</b>

**Appendix II: Actions Agreed during this Mission (see Social Safeguard Section in Annex 2)**

## Annex 8

### Detailed Discussions on Environment Issues and Agreed Actions

1. The focus of the mission was to review and ascertain the progress on the following: (a) forest clearances for Phase I and II up-grading works; (b) regulatory clearances/permissions for Phase I works (such as those for establishment and operation of camps, plants and borrow areas); (c) pre-construction activities, particularly tree cutting and relocation of water sources like hand-pumps; (d) bio-engineering and; (e) institutional arrangements including capacity building initiatives. The adequacy and quality of EMP implementation in periodic maintenance and up-grading components was reviewed in detail by the mission through site visits and detailed discussions with contractors, construction supervision consultants and officials from RIDC and CMUs.
2. The over-all environment management and implementation of the Environment Management Plans (EMP) for both upgrading works and periodic maintenance component is rated ***Moderately Satisfactory***. The following text provides the details on status, issues identified and key agreements reached during the mission.
3. **Periodic Maintenance Works.** The mission visited selected periodic maintenance roads in Jawali and Palampur divisions and interacted with the concerned PWD officials and contractors. While there has been an over-all improvement in: (a) sequencing of works followed by contractors; (b) information sharing with public (as noted in Dharamshala -Dadh-Palanpur road), and; (c) provision (through detailed BoQs) for bio-engineering works, some key issues were identified by the mission, which include: inadequate provision of drainage works (including non-provision of *kutchha* drains in some contracts); (b) improper stacking of construction materials; (c) weak enforcement of traffic and worker safety provisions; and (d) inadequate protection measures at debris disposal location (those from slips and landslides).
4. It was agreed that the following actions will be taken to address concerns raised by Bank :
  - (a) Inclusion of required drainage (both longitudinal and cross drainage) works in the DPRs of Tranche III works and consider issuing of variation orders for Tranche II contracts, where such provisions are either missing or inadequate;
  - (b) Proper estimation and integration of protection works for slope stabilization (both on hill and valley side including debris disposal locations);
  - (c) Traffic safety and management measures on all work sites will be ensured including signage (advance warning as well) and delineation devices for both day and night-time safety - the mission emphasized on the need to use standard signage and delineation devices as prescribed in the contract (inclusive of EMP).
  - (d) Strict enforcement of Personal Protective Equipment (PPE) on all worksites and
  - (e) Proper stacking of materials such as aggregate, sand and stones along the road-side.
5. It was also agreed that execution of plantation and bio-engineering works will be carried out under intensive supervision of PWD's horticulture wing staff and a regular co-ordination will be maintained between the field engineers and Horticulture wing staff of the PWD. It is expected that all plantation and BE works for Tranche I roads (including replacement of damaged saplings in some sites) will be completed by September 2009. The mission also reminded HPRIDC and the Horticulture Wing Staff to collate and share the data on the plantation and BE works with the Bank using the format agreed in 2007.
6. Detailed BoQs have been prepared by the Horticulture Wing staff and these have been included in all DPRs for Tranche II works – the mission appreciated this effort made by the PWD. The Horticulture Wing is planning to initiate BE work along some Tranche II roads (where works are nearing completion) for which database will be prepared alongside.

7. **Up-grading Works.** The mission visited four out of the five upgrading works under Phase 1 under Phase I, where works have begun in the last quarter of 2009. Various start-up activities like camp and plant establishment; borrow area identification and obtaining consents from the land owners and the local authorities for the same and identification of debris disposal sites (for the initial work stretches) has either been completed or is in advanced stages in most packages. Tree cutting and hand pump relocation details have been provided in Annex 14.

8. The mission expressed concern about contracts 1 and 3, where the camp and plant site is being established on land at the shorelines of seasonal rivers (in case of contract 1, a chemical factory is located on the same shoreline about 700 to 800 mts. from the campsite). The consultant and contractors informed that the ownership of land is private and consent has been given by the land owners. These sites have also been inspected by the State Pollution Control Board and other concerned departments and clearances have been obtained in line with regulatory requirements of GoHP in both cases. It was also mentioned that due to geographical constraints (hilly terrain and small fertile agriculture land in the foothills), such siting is permitted within the regulatory regime of the state. The mission stressed that both CMU and RIDC need to verify and maintain a copy of the relevant records, particularly those pertaining to the ownership of land, consent from land owner/s and clearance certificates (such as NOCs and Consents) to ensure compliance with regulatory and EMP requirements. It was agreed that additional mitigation measures, particularly with respect to controlling accidental spillage, pollution and flooding, will be taken by both the contractors by May 31, 2009.

9. Other than the issue mentioned above, management of camp sites (including hygiene), construction zones (including benching of cut slopes) and documentation on borrow areas and debris disposal locations in contracts 1, 2 and 3 was found to be satisfactory. Environment and safety officers have also been mobilized on the said three contracts. On contract 4, however, the environmental management was found to be lacking in all respects including non-availability of Environment and Social Officer, poor traffic and workers safety and improper debris management. The mission reminded the contractors and CSC about the various requirements of related to Biodiversity Management (including seasonal wildlife movement) that has to be integrated into the planning and programming of civil works.

10. It was agreed, after detailed discussions, that the following actions will be taken to strengthen EMP implementation and address the concerns raised by the Bank on upgrading works:

- (a) Mobilization of Environment Officer by CSC at the earliest (one EO deputed earlier has been withdrawn from site after RIDC rejected the CV for not completing meeting the requirements laid out in the ToR).
- (b) Mobilization and deployment of Environment and Safety Officer by the contractor on package 4 at the earliest.
- (c) Obtaining of all required clearances for establishing camp sites by contractors from concerned authorities (such as SPCB and IPH) – to be monitored by the CSC and RIDC/CMU.
- (d) Obtaining of ‘No Objection Certificates’ for establishing and ‘Consents’ for operation of plants (such as HMP, Batching Plant and Crushers) from the State Pollution Control Board – to be monitored by the CSC and RIDC/CMU.
- (e) Obtaining of permissions/consents for borrow and quarry areas by the contractors.
- (f) Under-taking of additional mitigation and management measures at camp and plant site locations of contracts 1 and 3.
- (g) Enforcement of proper traffic safety and management measures as per standard (MoRTH/IRC) requirements on all contracts and
- (h) Ensuring proper documentation and reporting on all environmental aspects, both by the CSC and the Contractors as per the EMP requirements.

11. **Bioengineering.** The revised drafts of bio-engineering reports for both Phase I and II have been reviewed by the Bank and most of the comments have been incorporated by the consultant. However, the mission reiterated that the said reports must be reviewed and endorsed by the Horticulture Wing, PWD prior to disclosure. It was agreed that the final versions along with the endorsement will be shared with the Bank by June 15, 2009.

12. Regular interaction and working between RIDC and PWD's Horticulture Wing staff is required to facilitate timely implementation of bio-engineering works. It was agreed that the Nodal Bio-engineering Officer (EE level) will facilitate timely completion of the following bio-engineering related activities in HPSRP through RIDC's support:

- (a) Finalization of training plan and logistical arrangements based on comments provided by the mission prior to May 30, 2009 (will also be shared with the Bank).
- (b) Training of staff from horticulture wing and PWD's field divisions by August 30, 2009.
- (c) Finalization of the two draft documents (BE specifications and Nursery Manual) for Department's adoption by May 30, 2009.
- (d) Completion of plantation and BE works for all Tranche 1 roads; and
- (e) Initiation of BE works on Tranche 2 roads under periodic maintenance component.

13. The mission also had detailed discussions with the Bio-engineering Specialist of the CSC. The specialist will be undertaking site visits along with Nodal Bio-engineering Officer (EE level) to the on-going works on phase 1 upgrading roads. A report on site findings (including the preparatory activities required to initiate BE works) will be prepared and shared with RIDC and the Bank by June 15, 2009.

14. **Institutional Arrangements.** The mission reiterated the need to designate a Nodal Environment Officer within RIDC to facilitate co-ordination with field staff, timely delivery and monitoring of various environmental activities on the project. The Secretary, PWD assured the mission that this task will be accomplished within June 2009.

15. The mission also discussed with the Secretary, PWD and RIDC officials, the need for having more number of EOs (on a full time basis) in the CSC team to enable regular supervision, monitoring and reporting on the implementation of EMPs on all ten upgrading contracts apart from ensuring professional support and timely guidance to contractors. The mission also reminded about the need for extension of man-months for Bio-engineering specialist, the inadequacy for which was also pointed out during the previous missions. It was agreed that RIDC will discuss with the CSC and take necessary action by mid-June 2009.

16. **Regulatory Clearances.** The required clearances for diversion of forest land and cutting of trees on 'forest' and 'other than forest land' have been obtained for contracts 1, 2 and 3. The same in case of contract 5 has been obtained for all milestones except one case involving 0.493 hac. and 203 trees in milestone 1. However, the clearance for diversion of forest land and cutting of trees involving 1.23 hac. and 70 trees is pending for both milestones in contract 4. The mission expressed concern over this delay and reiterated that no work should be undertaken in the concerned stretch till the requisite clearances are obtained by RIDC. It was agreed that the pending cases for Phase 1 and all cases for Phase 2 will be rigorously followed-up by the RIDC.

17. Permission for felling of trees on private land (which is banned in the state through judicial orders) can be undertaken only after acquisition and mutation of such land in PWD's land. RIDC and the concerned CMUs are applying for clearances on a case-specific basis (village-wise) – a majority of such cases are pending currently since land acquisition itself in these cases is pending.

18. Another issue regarding ban on cutting of 'khair' trees was brought to the notice of the mission. As per the current available estimates, a total of 84 no. of such trees in contract 3 exist –

RIDC needs to discuss and find a solution to resolve this issue by consulting the Forest Department.

19. The written confirmation from HPRIDC (after seeking clarification from MoEF/DoEF/SPCB) on whether ‘environmental clearance’ would be required for Phase II project roads is still pending. This needs to be shared with the Bank at the earliest.

20. **Documentation and Reporting.** An over-sight from RIDC and concerned CMUs on reporting and documentation being done by the Contractors and CSC, particularly that pertaining to regulatory clearances/permissions and consents from concerned landowners/communities/gram panchayats (such as for debris disposal, use of water sources and temporary use of land), is required to ensure adherence to legal norms and facilitate smooth project implementation. The mission also reiterated the need for proper reporting/updates on environmental aspects within the monthly progress reports being prepared by the CSC, which are being shared with the Bank by RIDC.

21. **Disclosure of Documents.** All final/updated versions of Phase II reports (finalized after incorporating comments from Bank, Independent EA consultant and stakeholders), including the EA, EMPs, Biodiversity, Bio-engineering and Independent EA Review Report will be uploaded on the RIDC website. Executive Summary (of the updated version) translated in Hindi will also be disclosed as per the project agreement. It was agreed that hard (six) and soft copies of these latest versions will be shared with Bank.

22. **Mainstreaming Environment Management into PWD Operations.** The opportunities for mainstreaming environment management into PWD Operations were discussed in detail with the Principal Secretary, Environment; Director, Environment and Principal Secretary, PWD. The many initiatives pertaining to avoidance/minimization of impacts during design; preparation of contract specific EMPs and their integration into engineering design and bid documents; bio-engineering; good construction management; appropriate and planned debris disposal; disclosure of information and; public consultation/involvement being undertaken in the project (HPSRP) were shared by the mission during the discussion. It was agreed that these initiatives under the project would be useful to demonstrate ‘good practice’ examples and will contribute towards development of functional/acceptable operational mechanisms for environmental management in design and construction of hill roads. A collaborative workshop is being planned to take forward the initiatives taken by the PWD under HPSRP and Department of Environment under HPDPL, wherein an operational road map will be drawn. The GoHP has sought technical support from the task team and it was agreed that this support will be provided.

**Table 1: Status of Actions Agreed during Previous Missions**

S. No.	Action	Status
1.	Phase I outputs (EA, EMPs, Biodiversity, Bio-engineering and Independent EA reports)	Completed
2.	Phase II outputs (EA, EMPs, Biodiversity, Bio-engineering and Independent EA reports)	Completed
3.	Integration of EMP into the Bid Documents - Phase II	Completed
4.	Forest Clearances - Phase I	Completed in contracts 1, 2 and 3 and nearing completion contracts 4 and 5 <b>(Substantially Delayed)</b>
5.	MOU with Forest Department	Completed
6.	Capacity Building and Training – Phase I works	Completed (first round)
7.	Provision and mobilization of Environmental Officers (CSC)	<b>Pending (Substantially Delayed)</b>
8.	Environmental Clearance Note – Phase II	<b>Pending (Substantially Delayed)</b>
9.	Forest Clearances – Phase II	Process Initiated

10.	Initiate Bioengineering Training	Pending (Delayed)
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**Table 2: Actions Agreed during this Mission (see Environment Section in Annex 2)**

## Annex 9

### Agreed Actions to Strengthen Procurement and Contract Management Capacity at RIDC

A detailed discussion was carried out with GoHP on the procurement and contract management. The need of strengthening the procurement capacity and contract management of the Project was discussed. Following was agreed with the GoHP during the mission:

- (1) *Designate a dedicated Procurement Team to reinforce the procurement decision making structure (agreed in the PAD) and train the procurement team members and other key officials dealing with procurement*
  - (i) A procurement cell will be created with a procurement manager at a minimum of Executive Engineer level to strengthen procurement capacity in the HPRIDC team (EE-to be placed, AE, GE, one more GE - to be placed)
  - (ii) The contract management team will be further strengthened (EE, AE, GE)
  - (iii) All the team members of procurement cell and contract management team will have tenure matching with project completion and transfers of these officials will be avoided
  - (iv) All concerned officials of HPRIDC (specially the members of procurement cell and the contract management team) will be trained in procurement at ASCI, Hyderabad/NIFM, Faridabad in a time bound training program to be agreed with the Bank
  
- (2) *The following professional business standard will be adhered to in dealing with procurement*
  - (i) The HPRIDC shall complete all evaluations within 45 days of receipt of Bids and send the BER with their clear recommendations for no-objection of the Bank
  - (ii) HPRIDC will respond to the queries from the Bank within 5 working days
  - (iii) HPRIDC will issue letter of authorization/contract award to the lowest evaluated bidder within 10 days from receipt of no objection from the Bank
  
- (3) *HPRIDC will strive to further improve the procurement, contracting environment and competition*
  - (i) Make efforts to improve the existing bidding/contracting climate to enhance competition and improved deliveries and quality of works under contracts
  - (ii) Design the works based on the actual field tests (such as soil test) and data
  - (iii) Prepare accurate BoQs and cost estimates and get the same reviewed by senior and experienced engineers to ensure greater accuracy
  - (iv) Update the cost estimates to a date very close to the date of IFB and align the estimates to the market rates of the inputs (material, equipment, POL and labour etc.)
  - (v) Incorporate price adjustment clauses in the bid documents for the contracts with construction period beyond 6 months to mitigate risks related to volatility of prices of inputs
  - (vi) Conduct workshop of contracting industry to familiarize them with the contract provisions under the Bank funded projects such as exemption of excise duty & customs for equipments, machineries and material inputs. Also to make the contracting industry aware of the potential upcoming opportunities under the project and availability of dedicated funds for making timely payments for the contracts under the project

*(4) Streamline the Procurement Process and Contract Management*

- (i) As per Loan agreement, adhere to the agreed Bank's procurement and consultants guidelines, standard bid documents, RFPs and processes. Engage services of procurement consultant to assist the HPRIDC in carrying out procurement and capacity building of the procurement cell
- (ii) Establish a mechanism of regular review of procurement and contract implementation at GoHP level
- (iii) Put stringent and regular HPRIDC monitoring and contract management system and team of Construction supervisor in place and ensure timely implementation of contracts and payments to the contractors under ongoing contracts and upcoming contracts
- (iv) Provide free access to the contractors to the site by completing land acquisition (including R&R), organizing tree-cutting permissions and shifting of utilities in advance and handover the sections to the contractor as per contract, free from encroachment and encumbrances
- (v) Review the performance of contractors on regular basis with respect to the schedule of implementation and take timely corrective measures including management meetings with senior management of contractors as per need
- (vi) Currently the PMU is not reviewing the Bid documents, BERs for post review cases. The BERs of all cases where the contracts have already been awarded, will be reviewed by the PMU and compliance report sent to the Bank by August 31, 2009. For all future cases the HPRIDC will ensure that all bid documents and Bid evaluation reports are reviewed by the PMU and PD will issue a quarterly compliance letter to the Bank to have reviewed all these documents

*(5) Disclose procurement information to public and to all bidders as per disclosure norms*

- (i) Follow disclosure norms and publish the bid documents, IFBs, EOIs and contract awards in free access website of HPRIDC/GoHP and GOI
- (ii) Prepare a panel of professionals of high integrity and technical knowledge for being appointed as adjudicators
- (iii) Set-up a complaint handling system and upload the mechanism of complaint handling indicating the contact details of the officer to whom the complaints will be addressed in the website and public notice board

*(6) Complete response to the Bank on the following as per agreed schedule*

- (i) Update the current procurement plan for the period July 2009-June 2010 for Works, Goods and Services including consultancies by May 15, 2009 and send for the review and no objection of the Bank
- (ii) The response on the Post review report for contracts awarded during year 2006-07, as provided by HPRIDC, is incomplete. This will be completed and sent to the Bank by June 30, 2009
- (iii) The HPRIDC will periodically (every quarter) inform the Bank on the impact of the penal clause of retaining 1% as stipulated under clause 6.4 (b) of the Special conditions of contract in the consultancy contract for the Construction Supervision Consultant. The current status will be intimated to the Bank by April 30, 2009

*(7) Consider piloting an independent procurement evaluation system for RIDC and PWD*

**Annex 10**  
**Financial Management Issues and Actions**

1. **Training on Financial Management (FM) aspects:** In the past few months, FM training was conducted in Mandi and Shimla and covered approximately 5 divisions as well as some senior staff. However this seems less than sufficient<sup>3</sup> considering the large number of divisions and contractors involved in implementation of the Core Network Maintenance and Management component of the project. The project has now prepared a Training Plan (trainings starting in July 09) which was reviewed by the Mission and found satisfactory. This includes training at key locations for engineers, contractors and divisional accountants. It is expected that this training will form part of a more wholesome training on contract management aspects. This is expected to result in better compliance with contract terms and conditions and speedier payments.

*It was agreed that the project would adhere to the training plan to deliver training at Mandi, Dharamshala and Shimla during July 09, Nov. 09 and Feb. 10 each i.e. three sessions at all three locations.*

2. **Internal Audit/ Internal Controls:** M/s Soni and Rustagi have been working as Internal Auditors for HPRIDC for FY 2007-08; the Bank subsequently agreed in November 2008 that their appointment may be extended for FY 2008-09 as well. However for FY 2009-10 onwards the auditors should be appointed using a competitive selection process. The project has agreed to work according to the following timelines to hire auditors for FY 2009-10: (a) send revised Audit Terms of Reference/ selection criteria to the Bank for approval by May 2009; (b) Issue Request for Proposals by June 2009; (c) Evaluation and Selection by July/ August 2009. The appointment is expected for two years with a possible extension for one more year in case HPRIDC is satisfied with the auditor's performance.

3. Internal audit reports have provided useful insights into operations of the project, specially the Network Maintenance and Management which is being implemented all over the state. These include non-submission of required documents, non-renewal of performance guarantees, not obtaining insurance, executing works beyond the contract, non-applicability of clauses relating to liquidation damages etc. While the report findings are reasonable, the follow up action needs to be strengthened. This should be done within certain timeframe so that the internal controls remain effective.

4. The current system of payments under single signatures is considered a weakness in internal control; especially considering the institutional status of HPRIDC the payments are not routed through the treasury system.

*It was agreed that -*  
*a) HPRIDC will send revised Audit Terms of Reference/ selection criteria to the Bank for approval by May 2009, issue Request for Proposals by June 2009 and complete evaluation and selection of Internal Auditors by July/ August 2009.*  
*b) HPRIDC will prepare and share a timetable for receipt, review of audit reports and for taking corrective actions (June 2009).*

<sup>3</sup> The GM Finance has accompanied the Internal Auditors to many divisions like Chamba, Hamirpur, Arki, Solan, Dharamshala etc but this was with the intent to review the implementation and did not include any training or capacity building support

*c) All payments should henceforth be under joint signature of two responsible officers of HPRIDC.*

5. **Core Network Maintenance and Management:** This is a significant part of the project and needs attention in terms of management. The following issues are relevant (a) while all payments are routed to HPRIDC for payment, involvement of HPRIDC is insufficient at time of the invitation of bids and award of contract. This process is handled by the Chief Engineer of PWD and though the GM Finance of HPRIDC has been made a member of the Evaluation Committee this is in the status of a nominee. It is important that the Finance Staff are made members of the Evaluation Committee; this will ensure that all terms at time of award are already to the satisfaction of HPRIDC.

6. It had been agreed at time of project preparation that a review of the efficacy of the centralized payment processes will be carried out approximately one year after project effectiveness. To enable this review the HPRIDC will provide information as per agreed formats for both the Core Network Improvement and Core Network Maintenance and Management components which will confirm that payments have been made in a timely manner. The information will be provided for the Apr. 08 – Mar. 09 period.

*It was agreed that -*

- a) The GM Finance of HPRIDC will be an integral part of the Bid evaluation Committee for the all maintenance contracts under the HPSRP (immediate)*
- b) HPRIDC will provide information on time taken for making payments as per agreed format. (June 09)*

7. **Land compensation:** GoHP has decided that all payments relating to land compensation will be routed through HPRIDC to the LAC. Prior to Oct. 08 these funds were being routed through the PWD. In this context (a) HPRIDC should treat all releases to the LAC as advances until a Utilization Certificate has been received. This will confirm that the payment has been made to the individual i.e the PAP; (b) releases for land compensation should now be subject to audit by the Statutory Auditors of HPRIDC; and (c) the FM Manual should be updated with the accounting treatment due to this change in the process.

8. **Rehabilitation and Resettlement (R&R):** Currently the NGO has been demobilized and the project is in the process of hiring a new NGO. As a result very few R&R payments are being/ have been made. As planned initially an accountant was posted at each CMU to handle payments and record keeping relating to NGOs. Due to the current situation, the accountant is available but is also provided regular responsibilities at HPRIDC, Shimla. As and when required, the accountant travels to the CMUs to make R&R payments; this arrangement will be reassessed once the payment process restarts.

9. HPRIDC needs to formalize detailed guidelines regarding documentation and payments of Resettlement and Rehabilitation (R&R) payments (May 09).

10. An earlier decision that all accounts receiving R&R assistance would be opened under single signatures of the PAP has already been implemented.

**Annex 11**

**Status of Upgrading Works**

Contract Package No.	Length (Km)	Contract amount Rs. in crores	Phase-I- Total Packages = 5 Nos.		Present Status
			Date of commencement /Intended Completion Date	Total length= 231. 69 kms	
<b>Package –1 (ICB)</b> Mehatpur- Una- Amb Road Km 5.600 to Km 50.423 .	44.82	126.50	08-05-2008 / 07-11-2010		(i) Earth work cutting from 9/020 to 10/410,36/770 to 37/600, 40/360 to 45/680: Completed =3.890 kms in patches; in Progress= 1.308 kms in patches (ii) Embankment from 10/425 to 11/790,39/530 to 48/800 Completed =4.925kms in patches; in Progress= 3.150 kms in patches (iii) Sub grade 4.5Kms completed. (iv) GSB 2.3 Kms completed (v) 3no major bridges, 1 no minor bridge & 10 Nos Box Culverts are in progress.
<b>Package –2 (ICB)</b> Una Barsar Km 0.000 to Km 45.000	45.00	98.84	14-05-2008 / 13-11-2010		(i) Earth work cutting from 2/250 to 12/220. Completed =8.00kms in patches; in Progress= 1.970 kms in patches (ii) Sub grade 7.0Kms completed. (iii) GSB 1.70 Kms completed (iv) 1no minor bridges & 5 nos culverts in progress.
<b>Package –3 (ICB)</b> Barsar Jahu Km 45.00 to Km 90.80	45.80	103.94	14-05-2008 / 13-02-2011		(i) Earth work cutting in Km 45/090 to Km 64/620 is in progress in patches. Completed =2.00kms in patches; in Progress= 7.00 kms in patches (ii) Sub grade work completed=3.00 kms. (iii) GSB 740 Mtr completed (iv) Embankment from Km 61/140 to Km 62/860 is in progress in patches. (v) 3 no bridges & 6 Nos culverts in progress.
<b>Package –4 (NCB)</b> Jahu –Kalkhar Km 93.44 to Km 108.83	15.39	33.50	10-08-2008 / 09-02-2010		(i) Earth work cutting is in progress in Km 93/440 to Km 96/200 & 100/100 to 100/350 is in progress in patches (ii) Retaining walls in 94/025 to 94/060, 94/985 to 94/995 & 94/955 to 94/985 are completed.
<b>Package –5 (ICB)</b> Theog- Kotkhai- Rohru Km 0.000 to Km 80.680	80.68	228.26	05-06-2008 / 04-06-2011		(i) Earth work cutting in Km 4/800 to Km 11/200 & Km. 16/000 to Km 22/000 is progress in patches. In Progress = 22.00 kms in patches; Completed = 9.00 kms in patches (ii) 2no bridges & 1 no culvert in progress
<b>TOTAL</b>	<b>231.69</b>				

**Phase II Total Packages: 5 Total Length: 203.14 kms**

<b>Package No.</b>	<b>Length (Km)</b>	<b>Estimated Cost of Civil works (Rs. in Crores)</b>	<b>Contract Completion period (months)</b>	<b>Present Status</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Package –6 (ICB)</b> Sarkaghat-Ghumarwin Km 61.420 to Km 103.370.	41.95	92.81	30	Bid Evaluation Report stands already submitted to the Bank for approval and Bank has made some observations which have already been attended to and further requested for rejection/rebidding on dated February 6, 2009.
<b>Package –7 (ICB)</b> Ranital-Kotla Km 0.00 to km 39.173	39.17	46.22 Revised Cost=50.28	18	The bids have been invited on February 14, 2009 & bids are to be opened on May 19, 2009 as earlier bids were found non responsive.
<b>Package –8 (ICB)</b> Kumarhati-Sarahan-Nahan Km 0.300 to Km 72.035	71.74	106.20	33	The BOD has approved to award the contract to M/S Som Datt Builders, New Delhi and accordingly the letter has been sent to World Bank for No Objection.
<b>Package –9 (NCB)</b> Draman-Sihunta Km 0.00 to km 24.00	24.00	32.09 Revised Cost=37.65	18	The bids have been invited on February 14, 2009 & bids are to be opened on May 19, 2009 as earlier bids were found non responsive.
<b>Package –10 (ICB)</b> Bhawarna-Lambagaon Km 0.00 to km 26.280	26.28	41.05 Revised Cost=55.20	21	The bids have been invited on February 14, 2009 & bids are to be opened on May 19, 2009 as earlier bids were found non responsive.
<b>TOTAL</b>	<b>203.14</b>			

**Annex 12**  
**Status of Maintenance Works (Tranche I, II and III)**

<b>Periodic Maintenance Works</b>						
No. of Packages	Total length (in km)	Total Cost (in INR Million)	Status of DPR	Procurement Status	Status of Work	Remarks
1	2	3	4	5	6	7
<b>Tranche-I</b>						
25 Nos. (3 No. IFBs)	532	452	Completed	All works awarded	495.00 km stands completed by April 20, 2009.	All works expected to be completed by May/June, 2009.
<b>Tranche-II</b>						
27 Nos. (3 No. IFBs)	515	788	Completed	-	-	NZ - 10 No. works Awarded. CZ - 8 No. works Awarded. SZ- 6 No. works Awarded Remaining works will be awarded by May 2009
NZ- 10 Nos. SZ- 11 Nos. SZ- 6 Nos. Total -27 Nos.						
<b>Tranche-III</b>						
21 Nos.	489.19	-	Under preparation	-	-	List of roads approved by the GoHP has been sent to the World Bank for their concurrence. Request for preparation of DPR has been made to respective Zonal Chief Engineers & DPR's being prepared by them

**Annex 13**  
**Status of Consultancy Services**

Name of Consultancy Services	Status
1. Construction Supervision for upgrading works	On-going
2. ISO 9001: 2000 Quality Assurance System (QMS) and ISO 14001:2004 Environmental Management System (EMS) Implementation	Inception report has been delivered.
3. Consultancy Services for Tunnels in Shimla and other parts of State	DPR completed
4. Road Sector Finance Study	Final report completed, awaiting GOHP to make decisions on the recommendations of the study.
5. Road User Satisfaction Survey	The first “before-project” Road User Satisfaction Survey completed. The second “after-project” to be done before completion of the project.
6. Force account Productivity Study	Final report completed, awaiting GOHP to make decisions on the recommendations of the study.
7. Period survey for traffic and road asset monitoring on the core-road network	TOR cleared by the Bank, RFP to be finalized using LCS selection method
8. Consultancy Services for Detailed Design of (Phase-I & II) upgrading works	DPR and Bid Documents including EIA/EMP, and RAP for all Packages completed. However, deficiencies have been identified in DPR and LAP for Phase 1 roads, and LAP for phase 2 roads is not yet complete.
9. Consultancy Services for Implementation of RAP by NGO	Previous NGO de-mobilized. In the process of engaging a new NGO
10. Consultancy Services for ICT	PWD intends to use NIC which has been commissioned by GOHP to carry out e-government job, instead of hiring a new consultant
11. Independent Environment Review Consultancy Service	Final deliverables are yet to be submitted
12. Consultancy Services for Technical Examination of First two tranches of periodic maintenance works	Consultant has been demobilized; a Quality Control group has been established at PWD/RIDC to continue QC work for maintenance works
13. Consultancy Services for preparing the Black Spot Improvement Program	Combined Evaluation completed. The selected consulting firm is being invited for negotiation /signing the Draft Contract
14. Proof Review of Design of Tunnels	Combined Evaluation completed. The selected individual consultant is being invited for negotiation /signing the Draft Contract
<b>Newly proposed consultancy services</b>	
15. Consultancy services for exploring various financing models for developing tunnels and major roads in HP	A proposal for PPIAF grant will be developed and submitted to State Finance Department which will forward it to DEA
16. Project Management Advisor consultancy services to assist MD RIDC and PD, HPSRP in project management	To be decided by RIDC

**Annex 14**

**Status of Encumbrances in All Phase 1 Upgrading Roads  
Forest Diversion/Trees in respect of Upgrading roads under Phase-I of State Roads Project Appendix-A**

S.N	Contract Package	Mile Stone	Handing over Date	Status			
				Diversion of Forest Land	Forest	Trees Other than Forest	Private.
1	<b>Package No- ICB-1</b> (Una-Amb from Kms 5+600 to Km 50+426)	1-(Km 41+300 to Km 50+426)	May 08,2008	√	√	√	Sanction to Km 41+300 to 50+300 awaited to case submitted to CF – Dharamshala (11-02-2009)
		2- (Km 5+600 to Km 18+180)	August 07,2008	√	√	√	—
		3-(Km 18+180 to Km 41+300)	February 07,2009	√	√	√	—
2	<b>Package No- ICB-2</b> (Una-Barsar from Kms 0+000 to Km 45+000)	1- (Km 2+000 to Km 11+000)	May 14,2008	√	√	√	Sanction to Km 2+000 to 12+500 awaited to case submitted DFO (10-02-2009)
		2- (Km 25+000 to Km 35+000)	November 13,2008	√	√	√	—



5	<b>Package No- ICB-5</b> (Theog-Rohru from Kms 0+000 to Km 80+600)	2- (Km 93+440 to Km 96+200 & Km 101+800 to Km 108+830)	November 09,2008	Diversion of 1.7293 Ha case returned by CF (Centre) to Govt. of H.P (19-02-2009)	70 trees on 1.7293 Ha is pending with Govt. of H.P	—	—
		1- (Km 20+000 to Km 30+000 & Km 53+000 to K 68+000). Modified to Km 5+000 to Km 17+000 & Km18+000 to Km 31+000	June 05,2008	0.493 Ha PWD land case under FCA pending with Pr. Secy (Forests) to Govt. of H.P (27-03-2009)	203 Trees case on PWD land pending with Pr. Secy (Forests) to Govt. of H.P	√	√
		2- (Km 35+000 to Km 45+000 & Km 68+000 to Km 80+600) Modified to Km 45+000 to Km 67+684	February 04,2009	√	200 Trees left for cutting in progress.	√	√
		3- (Km 30+000 to Km 35+000 & Km 45+000 to Km 53+000) Modified to Km 0+000 to 5+000 & Km67+684 to Km 75+684	June 04,2009	√	√	√	√
		4- ( Km 0+000 to Km 20+000) Modified to Km 17+000 to 18+000, Km 31+000 to Km 45+000 & Km 75+684 to Km 80+684.	September 04,2009	√	√	√	√

**Utilities in respect of Upgrading roads under Phase-I of State Roads Project**      **Appendix-B**

S.N	Contract Package	Mile Stone	Handing over Date	Status				
				IPH		HPSEB		
				Hand Pumps	Pipe Lines	Poles,HT/ LT Lines Transformers/ Substation		
1	<b>Package No- ICB-1</b> (Una-Amb from Kms 5+600 to Km 50+426)	1-(Km 41+300 to Km 50+426)  2- (Km 5+600 to Km 18+180)	May 08,2008  August 07,2008	√  √	WSS shifted except Km 48+400 to 50+300. Work in progress  WSS shifting in progress in Km 5+600 to Km 14+300. WSS Km 14.300 to 30.600 to be shifted. Bhaboor Sahib Irrigation Scheme to be shifted.	√  To be shifted	√  To be shifted	
		3-(Km 18+180 to Km 41+300)	February 07,2009	√	WSS Km 14.300 to 30.600 to be shifted. WSS Km 18.180 to Km 36.600 to be shifted.	To be shifted	To be shifted	
2	<b>Package No- ICB-2</b> (Una-Barsar from Kms 0+000 to Km 45+000)	1- (Km 2+000 to Km 11+000)  2- (Km 25+000 to Km 35+000)	May 14,2008  November 13,2008	√  √	  WSS Km 24.590 to Km 25.350 to be shifted.	Shifting except HT line	—	To be shifted



4	<b>Package No- NCB-4</b> (Jahu- Kalkhar from Kms 93+440 to Km 108+830)	1- (Km 96+200 to Km 101+800  2- (Km 93+440 to Km 96+200 & Km 101+800 to Km 108+830)	August 10,2008	2 Nos. to be shifted side by side	270 mtrs WSS line to be shifted side by side.	To be shifted in 5.600 Km length	_____
			November 09,2008	7 Nos. to be shifted side by side	1545 mtrs. WSS line to be shifted side by side.	To be shifted in 9.790 Km length.	_____
5	<b>Package No- ICB-5</b> (Theog-Rohru from Kms 0+000 to Km 80+600)	1- (Km 20+000 to Km 30+000 & Km 53+000 to K 68+000 Modified to Km 5+000 to Km 17+000 & Km18+000 to Km 31+000  2- (Km 35+000 to Km 45+000 & Km 68+000 to Km 80+600) Modified to Km 45+000 to Km 67+684  3- (Km 30+000 to Km 35+000 & Km 45+000 to Km 53+000) Modified to Km 0+000 to 5+000 & Km67+684 to Km 75+684  4- ( Km 0+000 to Km 20+000) Modified to Km 17+000 to 18+000, Km 31+000 to Km 45+000 & Km 75+684 to Km 80+684.	June 05,2008	3 Nos. to be shifted simultaneousl y with execution of work  5 Nos. to be shifted simultaneousl y with execution of work  4 Nos. to be shifted simultaneousl y with execution of work	3 Nos.WSS to be shifted  8 Nos. WSS to be shifted	5- Poles out of 69 shifted.	4 Nos. to be shifted  1 No. to be shifted
			February 04,2009	7 Nos. to be shifted simultaneousl y with execution of work	2 Nos., WSS&FIS to be shifted	21-Poles to be shifted.	1 No. to be shifted
			June 04,2009	7 Nos. to be shifted simultaneousl y with execution of work	6 Nos. WSS to be shifted. 1 No. Sewerage line to be shifted.	30-Poles to be shifted.	_____

**Land Acquisition in respect of Upgrading roads under Phase-I of State Roads Project Appendix - C**

S.N	Contract Package	Mile Stone	Handing over Date	Status
1	<b>Package No- ICB-1</b> (Una-Amb from Kms 5+600 to Km 50+426)	1-(Km 41+300 to Km 50+426)	May 08,2008	All payments disbursed.
2-		(Km 5+600 to Km 18+180)	August 07,2008	All DLC's Conducted. Further proceeding by LAO to follow.
3-(Km 18+180 to Km 41+300)		February 07,2009	All DLC's Conducted. Further proceeding by LAO to follow.	
2	<b>Package No- ICB-2</b> (Una-Barsar from Kms 0+000 to Km 45+000)	1- (Km 2+000 to Km 11+000)	May 14,2008	All payments disbursed.
2- (Km 25+000 to Km 35+000)		November 13,2008	All DLC's Conducted. Further proceeding by LAO to follow.	
3- (Km 0+000 to Km 2+000 & Km 11+000 to Km 25+000)		February 13,2009	All DLC's Conducted. Further proceeding by LAO to follow.	
4- (Km 35+000 to Km 45+000)		May 13,2009	All DLC's Conducted. Further proceeding by LAO to follow.	
3	<b>Package No- ICB-3</b> (Barsar- Jahu from Kms 45+000 to Km 90+800)	1- (Km 51+000 to Km 65+000)	May 14,2008	All payments disbursed.
2- (Km45+000 to Km51+000 & Km65+000 to Km 67+250		November 13,2008	3-DLC's Conducted. 1- Draft award approved by Govt. 6- draft awards sent for approval of Govt.	
3- (Km 67+250 to 73+000 & Km 79+000 to Km 88+000)		February 13,2009	2- Draft awards approved by Govt. 1- Draft award sent for approval of Govt. 13- Negotiations held and proceedings sent to Govt. 12- Negotiations held and proceedings to follow. 1- Negotiation being held.	
4- (Km73+00 to 79+000 & Km 88+000 to Km 90+800)		May 13,2009	5- Proceedings by LAO to follow. 2- Negotiations to be conducted.	

4	<p><b>Package No- NCB-4</b> (Jahu- Kalkhar from Kms 93+440 to Km 108+830)</p>	<p>1- (Km 96+200 to Km 101+800</p> <p>2- (Km 93+440 to Km 96+200 &amp; Km 101+800 to Km 108+830)</p>	<p>August 10,2008</p> <p>November 09,2008</p>	<p>All payments disbursed.</p> <p>All DLC's Conducted. Draft award by LAO to follow.</p>
5	<p><b>Package No- ICB-5</b> (Theog-Rohru from Kms 0+000 to Km 80+600)</p>	<p>1- (Km 20+000 to Km 30+000 &amp; Km 53+000 to K 68+000 Modified to Km 5+000 to Km 17+000 &amp; Km18+000 to Km 31+000</p> <p>2- (Km 35+000 to Km 45+000 &amp; Km 68+000 to Km 80+600) Modified to Km 45+000 to Km 67+684</p> <p>3- (Km 30+000 to Km 35+000 &amp; Km 45+000 to Km 53+000) Modified to Km 0+000 to 5+000 &amp; Km67+684 to Km 75+684</p> <p>4- (Km 0+000 to Km 20+000) Modified to Km 17+000 to 18+000, Km 31+000 to Km 45+000 &amp; Km 75+684 to Km 80+684.</p>	<p>June 05,2008</p> <p>February 04,2009</p> <p>June 04,2009</p> <p>September 04,2009</p>	<p>Payments disbursed except 3-villages remaining for negotiations.</p> <p>Awards announced. Payment of compensation to follow.</p> <p>Negotiations to follow for 5 out of 6 Villages.</p> <p>Negotiations to follow in all 14-Villages.</p>

**Status of Land Acquisition Phase-I Road Appendix- D**

Milestone	Chainage No.	No. of Villages	Awards declared and payments released	Remaining / Pending	Target date for Award.
<b>Theog-Kotkhai-Rohroo Road (ICB-5)</b>					
I	Km. 20/0 to 30/0 & Km. 53/0 to 68/0	22	22	0	-----
II	Km. 68/0 to 80/68 & Km. 35/0 to 45/0	17	2	15	30-04-2009 (payments)
III	Km. 45/0 to 53/0 & Km. 30/0 to 35/0	2	0	2	----do---
IV	Km. 0/0 to 20/0 & Km. 30/0 to 35/0	17	14	3	----do---
<b>Mehatpur-Una-Amb Road (ICB-1)</b>					
I	Km. 41/300 to 50/426	7	7	0	-----
II	Km. 5/600 to 18/180	10	0	DLCs conducted 10 villages proceeding pending with LAO	20-04-2009
III	Km. 18/180 to 41/0	19	0	DLCs conducted 10 villages proceeding pending with LAO	20-04-2009
<b>Una-Nerchowk (Una –Barsar Section) (ICB-2)</b>					
I	Km. 0/0 to 11/0	14	14	0	-----
II	Km. 25/0 to 35/0	25	0	DLCs conducted 25 villages proceeding pending with LAO	30-04-2009
III	Km. 11/0 to 25/0	11	0	DLCs conducted 11 villages proceeding pending with LAO	30-04-2009
IV	Km. 35/0 to 45/0	11	0	DLCs conducted 11 villages proceeding pending with LAO	30-04-2009
<b>Una-Nerchowk(Barsar-Jahu Section) (ICB-3)</b>					
I	Km. 51/0 to 65/0	13	8/5	0	-----
II	Km. 45/0 to 51/0 & Km. 65/0 to 67/250	10	0	DLCs of 3 villages draft award approved by Govt 1 village award	18-04-2009

III	Km. 67/250 to 73/0 & Km. 79/0 to 88/0	29	0	sent for approval 6 villages. Award approved by Govt 2 villages award sent to Govt 1 village negotiation held 13 villages and proceeding sent to Govt negotiation held 12 villages proceeding being prepared negotiation being held 1 village.	27-04-2009
IV	Km. 73/0 to 79/0 & Km. 88/0 to 90/800	7	0	5 villages proceedings being prepared by LAO. 2 villages negotiation to be conducted.	30-04-2009
<b>Una-Nerchowk (Jahu-Kalkhar Section) (NCB-4)</b>					
I	Km. 96/200 to 101/800	5	5	0	-----
II	Km. 93/400 to 96/200 & Km. 101/800 to 108/830	6	0	DLC conducted and draft award pending with LAO Mandi	16-04-2009

**Status of Land Acquisition Phase-II Roads Appendix- E**

No. of Villages	Notification under section 4 issued	Remaining/ Pending	Negotiation held or not	Targeted dated for Notification and negotiation.
30	18	12	No	25-04-2009
33	33	0	No	30-04-2009
4	2	2	No	30-04-2009
29	22	7	No	30-05-2009
10	10	0	No	30-04-2009
5	5	0	No	31-05-2009
11	7	4	First Negotiation held on 26-12-2008.	20-04-2009