

INDIA: Himachal Pradesh State Roads Project (Ln. 4860-IN)
Implementation Support Mission (September 5-15, 2011)
Aide-Memoire

EXECUTIVE SUMMARY

1. A World Bank mission visited Himachal Pradesh during September 5 - 15, 2011 to support the Government of Himachal Pradesh (GoHP) in implementation of the Himachal Pradesh State Roads Project (HPSRP). Both achievement of Project Development Objectives and Implementation Progress are rated moderately satisfactory.
2. All covenants, except one, are in compliance. The non-compliant legal covenant is regarding submission of impact assessment report of the implementation of the resettlement action plan at the mid-term stage. Procurement of consultants for carrying out the resettlement impact assessment was delayed but now these consultants are in place and conducting surveys.
3. HPRIDC have largely complied with the action plan, which was agreed during the previous mission to improve the performance of the project. The project so far has disbursed US\$96.24 million [43.75% of Loan Amount]. Disbursements have increased by US\$48.47 million since the last mission in January 2011 and this trend needs to be continued. Procurement, environmental safeguards, and social safeguards have been rated Satisfactory. Project management and financial management are rated Moderately Satisfactory.
4. The Component 1 (Core Network Upgrading) of the project envisages upgrading of 447 km of roads in the Core Road Network (CRN). Himachal Pradesh Roads and other Infrastructure Development Corporation (HPRIDC) are implementing this component through 10 contract packages in two phases. Since the last mission, the performance of project implementation has improved and the works in nine upgrading contracts are in progress and the remaining one contract is likely to commence in September 2011. The project has made good progress in the aspects of land acquisition and forest clearances. About 152 km of roads have been laid with Dense Bituminous Macadam. All five contract packages of Phase 1 upgrading works are at various stages with physical progress ranging from 18.7% to 66.5%. All packages except for package 5 have progressed 19 to 25% since the last mission. Of the five packages of Phase 2 upgrading works, works are progressing in four packages. In all these packages, the civil works are at various stages with physical progress ranging from 23% to 42.5%. Compensation for land has been disbursed in 69% of villages. In phase 2 packages, 58% to 100% of stretches are now hindrance-free. Forest clearance is expected to be received for the remaining one stretch of package 8 shortly and most stretches would be hindrance-free.
5. The progress of contract packages 1, 5 and 9 is of concern. The progress is extremely slow in all these packages and the works are getting delayed due to cash flow problems and improper planning by the contractors. During the site visits, it was observed that there is ample scope for improving upon the quality of works in terms of (i) structural finishing in cross-drainage/bridge works; (ii) line and levels of longitudinal and cross-drainage works; (iii) finishing of retaining structures and gabion walls; (iv) providing functional weep-holes by proper placement, clearing the clogs and backfilling by appropriate filter material; (v) debris clearance from sides of drains, proper dumping of debris at identified dump sites with flattening and benching; and (vi) clearing of access roads to public on the valley/hillsides and disruption to public services like water and electricity lines.
6. The Component 2 (Core Network Maintenance and Management) of the project envisages: (a) periodic maintenance and minor rehabilitation of about 2,000 km of the Core Road Network; (b) piloting performance-based maintenance contracts; (c) accident black spot improvements; (d) pre-investment studies for road network improvement and maintenance; and (e) capacity enhancement in road maintenance, financing, and management. Periodic maintenance of 1171 km of roads in CRN has been

completed, works in 291 km of roads are in progress, and works in another 500 km (including performance-based maintenance contracts) are in procurement. For pilot performance based maintenance contracts, bidding documents have been finalized long back but bids are to be invited. Consulting services for accident black spot improvements have been completed. Some of the other consulting services [Gang Labor Productivity, Human Resource Development, Road Fund] have been completed. GoHP is working on preparation of road fund bill to ensure sustainable funding for maintenance of road network.

7. Since the project progress is far behind the schedule, it is critical to take the following actions, which have been discussed with the Public Works Department (PWD) and HPRIDC during the mission, to improve the performance of the project:

- (i) HPRIDC will review and approve the Extension of Time and variation proposals recommended by the supervision consultants, and seek Bank's concurrence – by December 31, 2011;
 - (ii) HPRIDC and the Construction Supervision Consultant (CSC) will closely monitor progress of each of the upgrading contracts against the respective work programs and apply contractual remedies to the non-performing contractors based on legal advice - continuous;
 - (iii) HPRIDC will invite the bids for performance-based maintenance contracts – by December 31, 2011;
 - (iv) The supervision consultants will ensure proper sequencing of works [such as construction of drains before bituminous works are done] carried out by the contractors and rectification of defects - continuous; and
 - (v) HPRIDC will obtain forest clearance for the remaining stretch of contract package 8 - immediate.
8. The following sections of this Aide Memoire present the findings of the mission in detail.

I. INTRODUCTION

1. A World Bank mission¹ visited Himachal Pradesh during Sep 5 - 15, 2011 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 (HPRIDC). 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 15 Annexes (including a list of agreed actions in **Annex 4**). A draft of the AM was discussed with PWD and HPRIDC at a wrap-up meeting chaired by Ms. Rajwant Sandhu, Chief Secretary, Government of Himachal Pradesh (GoHP) in Shimla on Sep 14, 2011.

II. KEY PROJECT DATA & PERFORMANCE RATING

Key Project Data	Project Performance since the Jan 2011 mission
Total Project Cost (PAD): US\$ 303 million	Project Development Objective: MS
Loan Amount: US\$220 million	Implementation Progress: MS
Bank Board Approval Date: June 5, 2007	Project Management: MS
Effectiveness Date: October 5, 2007	Procurement: S
Loan Closing Date: June 30, 2013	Financial Management: MS
Project Age: 47 months	Environmental Safeguards: S
Loan Disbursed: 43.75% (US\$ 96.24 million)	Social Safeguards: S
Loan Committed: 100%	Flags: 1 (Legal covenant related to delay in impact assessment at MTR stage of implementation of resettlement action plan – consultancy services in progress)

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

3. **Project Development Objective (PDO)**. The development objective of the Project is to reduce transport costs and to improve traffic flows on priority segments of the core road network of Himachal Pradesh. This objective is to be achieved through a package of prioritized infrastructure investments and improved management practices. The indicators to measure performance in achieving the development objective are: (i) condition of the core network; (ii) speeds on the project upgrading roads; (iii) fatal accident rate on the state highways; and (iv) the level of road user satisfaction on the core network. The mission together with the GoHP reassessed the Project Development Objectives (PDOs) and concluded that the PDOs remain valid and they are likely to be substantially achieved by the end of the project. The progress in achieving these performance indicators is presented at **Annex 1**.

4. Progress in achieving the PDO is maintained **Moderately Satisfactory**, because: (i) the performance of project implementation during the past six months has improved; (ii) works in nine upgrading contracts are in progress and the remaining one contract would commence in September 2011; (iii) maintenance works have progressed well; (iv) achieving the PDO by the end of project is possible; (v) two of the performance monitoring indicators [condition of core network, and rate of fatal accidents on state highways] have progressed well; and (vi) There are some concerns on quality of works which are mentioned in para 23.

¹ The mission comprised of Parthapriya Ghosh (Social Development Specialist), Neha Vyas (Environment Specialist), Tripti Jain (Financial Management Specialist), Arun Kolsur (Procurement Specialist), Krishnan Srinivasan (Governance Specialist, Consultant); A.K. Swaminathan (Highway Specialist – Consultant) and Pratap Tvgsshrkr (Task Team Leader).

Outcome Indicators	Baseline	Target Value by Mid-term	Target Value by completion	Value/Status of performance indicator
% of the entire core network (~4,000 km) in poor condition	40%	30%	=< 10%	33%
Average speeds on the WB financed roads, which received upgrading, predicted using HDM-4, (% increase)	25 kmph	25% for completed stretches	25% for completed stretches	No completed stretches. However, on 71 km of roads [which in full width are laid with bituminous course], speeds have increased by more than 25%.
Death rate on HP state highways (number of deaths involved in traffic accidents/1,000 veh)	2.0	=<2.0	=<2.0	0.52
Level of road user satisfaction with the entire core network, index 1-5	1.5	2.0	3.0	Consultancy services are in progress.

5. **Implementation Progress.** The Project consists of two components. The progress of implementation of these components is as follows.

Core Network Improvement Component (Moderately Satisfactory): In this component, 10 upgrading roads in two phases are being implemented. All five contract packages of Phase 1 upgrading works are at various stages with physical progress ranging from 18.7% to 66.5%. All packages except for package 5 have progressed 19 to 25% since the last mission. Contract Package 5 is progressing very slowly. Compensation for land has been disbursed in all the 217 villages. Disbursement of Resettlement and Rehabilitation (R&R) assistance to title and non-title holders has been made to 53% of the total villages. With considerable progress made in removal of encumbrances, in phase 1 packages, 87% to 100% of stretches are now hindrance-free. Out of a total of 232 km, about 111 km of roads have been laid with Dense Bituminous Macadam.

Of the five packages of Phase 2 upgrading works, works are progressing in four packages. In all these packages, the civil works are at various stages with physical progress ranging from 23% to 42.5%. Compensation for land has been disbursed in 69% of villages. Disbursement of Resettlement and Rehabilitation (R&R) assistance to title and non-title holders has been made to 50% of the total villages. In phase 2 packages, 58% to 100% of stretches are now hindrance-free. Forest clearance is expected to be received for the remaining one stretch of package 8 shortly and most stretches would be hindrance-free.

Core Network Maintenance and Management (Moderately Satisfactory): This component includes: (a) periodic maintenance and minor rehabilitation of about 2,000 km of Core Road Network (CRN); (b) piloting performance-based maintenance contracts; (c) accident black spot improvements; (d) pre-investment studies for road network improvement and maintenance; and (e) capacity enhancement in road maintenance, financing, and management. Periodic maintenance of 1171 km of roads in CRN has been completed, works in 291 km of roads are in progress, and works in another 500 km (including performance-based maintenance contracts) are in procurement. For pilot performance based maintenance contracts, bidding documents have been finalized long back but bids are to be invited. Consulting services for accident black spot improvements have been completed. Some of the other consulting services [Gang Labor Productivity, Human Resource Development, Road Fund] have been completed. GoHP is working on preparation of road fund bill to ensure sustainable funding for maintenance of road network.

The overall Implementation Progress is **Moderately Satisfactory**.

6. The MTR mission held in July 2010 had identified that there is cost overrun in the project to the tune of US\$90 million to complete the on-going activities. The mission learnt that the GoHP has requested the Department of Economic Affairs, Government of India (GoI) for additional financing of Rs. 250 Crore [about US\$ 57 million] from the Bank. The GoI and the GoHP need to strengthen the contract management capacity of HPRIDC so that project costs do not escalate any further.

7. **Status of key actions agreed during the previous mission:** GoHP and HPRIDC have largely complied with the seven-point action plan, which was agreed during the previous mission to improve the performance of the project. The status of the action plan is given below:

S. No	Action	Status
1	GoHP will continue to carry out a monthly cross-departmental meeting chaired by the Chief Secretary, to expedite completion of all pre-construction activities, including tree cutting and shifting of utilities	Complied with. The monthly cross-departmental meetings have resulted in good progress of land acquisition and forest clearance activities
2	HPRIDC will review and approve the Extension of Time and variation proposals recommended by the supervision consultants	Partially complied with. The EoT proposals have been reviewed by HPRIDC, and are ready to be considered by the Board of HPRIDC.
3	HPRIDC and the Construction Supervision Consultant (CSC) will closely monitor progress of each of the upgrading contracts against the respective work programs and apply contractual remedies to the non-performing contractors based on legal advice	Partially complied with. HPRIDC and the CSC are closely monitoring progress of the upgrading contracts. The Engineer reviewed the proposals for Extension of Time submitted by the contractors and has recommended for levy of liquidated damages for a couple of packages. HPRIDC is levying liquidated damages for packages 1 and 2. For the rest of the contract packages, extension of time is being considered by HPRIDC.
4	HPRIDC will invite the bids for performance-based maintenance contracts	Not Complied with. The list of roads for performance-based maintenance has been modified and estimates are being prepared.
5	GoHP to review and take decisions on the recommendations of the consultants for gang labor productivity study, road financing study	Partially complied with. The GoHP has reviewed the recommendations of the consultants and taking steps to (a) reduce gang labor strength, and (b) prepare a draft bill for road fund.

8. **Key actions agreed to improve project performance** include the following: (i) HPRIDC will review and approve the Extension of Time and variation proposals recommended by the supervision consultants, and seek Bank's concurrence – by December 31, 2011; (ii) HPRIDC and the Construction Supervision Consultant (CSC) will closely monitor progress of each of the upgrading contracts against the respective work programs and apply contractual remedies to the non-performing contractors based on legal advice - continuous; (iii) HPRIDC will invite the bids for performance-based maintenance contracts – by December 31, 2011; (iv) The supervision consultants will ensure proper sequencing of works [such as construction of drains before bituminous works are done] carried out by the contractors and rectification of defects - continuous; and (v) HPRIDC will obtain forest clearance for the remaining stretch of contract package 8 - immediate.

III. SUMMARY

Project Costs, Expenditure and Budget

9. The estimated total project cost has increased as displayed in the table below, due to increased costs in civil works:

Updated as of Sep, 2011	Estimation at Appraisal (April 2007)		Estimation as of Sep, 2011		Variation as of Sep, 2011	
	Total Cost	Bank Financing	Total Cost	Bank Financing	Total Cost	Bank Financing
Unit: \$ Million (including contingencies)						
Upgrading Works	211.18	190.06	273.44	246.10	62.26	56.04
Maintenance Works	55.97	11.19	53.35	10.67	-2.62	-0.52
Goods	1.31	1.18	1.31	1.18	0	0
Utility Shifting	1.73	0	2.54	0	0.81	0
Afforestation	0.86	0	5.45	0	4.59	0
Land acquisition	12.42	0	35.73	0	23.31	0
R&R	2.14	1.93	3.87	3.48	1.73	1.56
Consultancy and Training	15.65	14.09	15.65	14.08	0	0
Operating Costs	0.61	0	0.61	0.00	0	0
PPF	1.55	1.55	1.55	1.55	0	0
TOTAL	303.42	220	393.50	277.06	90.08	57.07

10. Expenditure as of August 31, 2011 was Rs 622.94 Crore. The expenditure made and projected expenditure is presented below.

Unit: Rs. in Crore	Expenditure up to Aug 31, 2011	Anticipated Expenditure (for next 7 months)	Total likely Expenditure up to March, 2012
Upgrading Works	331.52	210	541.52
Utility Shifting	4.66	2	6.66
Compensatory Afforestation	10.91	2	12.91
Periodic Maintenance Works	123.87	10	133.87
Consultancy Services and Trainings	29.10	5	34.1
Land acquisition	119.11	15	134.11
R&R	3.24	3	6.24
Incremental cost	0.53	-	0.53
TOTAL	622.41	247	869.41

Upgrading Works

11. **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 5890 million (about US\$130.9 million @ US\$1 = Rs 45). Land acquisition, cutting of trees and removal of hindrances has progressed well. Compensation for land has been disbursed in all villages. Resettlement & Rehabilitation (R&R) assistance to title and non-title holders has been disbursed in 53% of villages. With considerable progress made in removal of encumbrances, in phase 1 packages, 87% to 100% of stretches are now hindrance-free. In all these packages, the civil works are at various stages with physical progress ranging from 18.7% to 66.5% (as of Aug 31, 2011). All packages except for package 5 have progressed 19 to 25% since the last mission. In view of the delays in making available hindrance-free land, HPRIDC is in process of approving extension of time for completion of works. HPRIDC and supervision consultants should closely monitor the progress of works vis-à-vis the revised work programs and apply contractual remedies to the non-performing contractors based on Engineer's recommendations and legal advice.

12. **Package 1:** The overall physical progress of works in this package is 38.9%. The progress of works is poor. Since the last January mission, the progress of works is 18.5%. The progress of works by the subcontractor has reduced substantially. Mobilization of financial resources is very critical for improvement in progress of works. Even though the contractor has equipment, insufficient financial resources are severely hampering progress of works. DBM [Dense Bituminous Macadam] has been laid in 27.6 km.

13. Package 2: Works have progressed by 22.7% since the last January mission. DBM has been laid in about 39 km. The overall physical progress of works in this package is 66.5%. Poor progress of structural works is a concern in this package. Deployment of sufficient gangs of skilled and unskilled labor along with requisite sets of shuttering material for construction of structures and drains is critical for improvement in progress of works.

14. Package 3: Works have progressed by 21.8% since the last January mission. DBM has been laid in about 36 km. The overall physical progress of works in this package is 53.2%. More manpower is required for completion of structures as per program. Works on Jahu Bypass and Bhota Bypass need to be expedited.

15. Package 4: Works have progressed by 24.6% since the last January mission. DBM has been laid in about 5.4 km. The overall physical progress of works in this package is 50.6%. The contractor should significantly increase the progress of works by increasing manpower, graders, rock-breakers, tippers and excavators.

16. Package 5: The overall physical progress of works in this package is 18.7% and 38 months have passed since the commencement of works. The progress of works is very poor. Works have progressed by 8.6% since the last January mission. DBM has been laid in about 4 km. Works are in progress in only about 30 km of the total stretch. Works are not in progress in about 50 km stretch. For long periods, Project Manager of the contractor is not available at the site. Financial resources are grossly inadequate.

17. **Phase 2 Upgrading Works.** All five civil works contract packages of phase 2 upgrading works, which constitute a total length of 203 km, have been awarded at a total contract price of Rs 3974 million [approximately US\$ 87.7 million @ 1 US\$ = Rs 45]. Land acquisition, cutting of trees and removal of hindrances has progressed well since the last mission. Compensation for land has been disbursed in 69% of villages. R&R assistance to title and non-title holders has been disbursed in 50% of villages. In phase 2 packages, 26% to 100% of stretches are now hindrance-free. Forest clearance remains to be received for one stretch of Package 8. In these contract packages, except package 6 on which the works are yet to start, the works are at various stages with physical progress ranging from 23% to 42.5%.

18. Package 6: Procurement of works is completed and the contractor is expected to commence works in September 2011.

19. Package 7: Works have progressed by 35% since the last January mission. DBM has been laid in about 19.7 km. The overall physical progress of works in this package is 42.5%. Finishing of structures needs particular attention. Quality of drainage works is to be improved.

20. Package 8: In this contract, about 58% of the total stretch is hindrance-free. Forest clearance is required to be obtained for about 30 km of stretch. The overall progress of works is 23.07%. Works have progressed by 15.8% since the last January mission. DBM has been laid in about 6 km but it has got damaged. Proper sequencing of works and planning of works is lacking. HPRIDC and the supervision consultants should closely monitor progress of structural works and quality of drainage works.

21. Package 9: The overall progress of works is 23%. Works have progressed by 15.6% since the last January mission. The total stretch is hindrance-free. The progress of works is very poor. The structural works are lagging behind. Proper sequencing of works and planning of works is lacking.

22. Package 10: Works have progressed by 34.1% since the last January mission. DBM has been laid in about 15.3 km. The overall physical progress of works in this package is 40.7%. Finishing of structures needs particular attention. Quality of drainage works is to be improved.

23. The mission also visited project sites of all Phase 1 and Phase 2 packages. Detailed mission observations and discussions are provided in **Annex 6**. For detailed status of all upgrading works, please refer **Annex 11** and for status of encumbrances in upgrading roads, please refer **Annex 14**. During the site visits, it was observed that there is ample scope for improving upon the quality of works in terms of (i)

structural finishing in CD/bridge works; (ii) line and levels of longitudinal and cross drainage works; (iii) finishing in retaining structures and gabion walls; (iv) providing functional weep-holes by proper placement, clearing the clogs and backfilling by appropriate filter material; (v) debris clearance from sides of drains, proper dumping of debris at identified dump sites with flattening and benching; (vi) clearing of access roads to public on the valley/hillsides and disruption to public services like water and electricity lines.

24. In most contracts, the progress of structural works is slow and needs to be accelerated. Lots of stretches can now be covered with the final wearing course of BC/SDBC to enable substantial completion of roads. From the table below, it can be noted that less than 50% of the DBM laid stretches are yet to be covered with BC/SDBC. Proper advance planning has to be undertaken to ensure that making roadway formation is followed by constructing retaining structures and longitudinal drains (temporary and then permanent) connecting to CD works before the final road layers are constructed.

Packages	Length (km)	Earthwork (km)	Subgrade (km)	Sub-base (km)	WMM (km)	DBM (km)	Wearing Coat (km)
Phase – 1	231.69	178.18	149.95	140.85	129.64	111.77	43.65
Phase – 2	203.14	86.39	64.63	57.58	46.69	41.01	28.02
Total	434.83	264.57	214.58	198.43	176.33	152.78	71.67
Proportion	-	60.84%	49.35%	45.63%	40.55%	35.14%	16.48%

The progress of contract packages 1, 5 and 9 is of concern. The progress is extremely slow in all these packages and the works are getting delayed due to cash flow problems and improper planning by the contractors. In spite of the second installment of advances released to the contractors, no substantial works have been done here. Beyond the current extended time for completion, liquidated damages will need to be imposed which may cause further cash flow problems. Other options as per provisions in the contract would need to be now seriously considered. The Bank mission advised that these packages should be placed on red alert and watched for a couple of months in the forthcoming construction season after the monsoons. If no satisfactory progress is observed, contractual actions need to be initiated to rectify the situation either through imposing of Liquidated Damages and/or issuing notices leading to termination of these contractors. The packages 4 and 8 should be on close observation and placed in the high caution list. If things do not improve during the current working season, these would also fall into the category of badly performing contractors and appropriate actions would need to be initiated on these contracts also. The mission advised that the package 6 be placed under close monitoring right from the beginning. It was discussed and agreed that bio-engineering works would be piloted in a couple of good performing contracts initially as a variation of scope to the Works contracts. If the results are encouraging, this could be extended and all bio-engineering works could be executed as a variation of the Works contracts.

25. **Utility Shifting.** Utility shifting has been expedited since the last mission. Shifting of hand pumps, water pipelines, electric poles, HT/LT lines, and transformers/substations is in advanced state in all upgrading packages. More details have been provided in **Annex 14**.

26. **Construction Supervision.** The construction supervision consultants need to (i) thoroughly check the quality of DBM, drainage and protection works, and finishing of structural works in all packages, (ii) timely prepare revised cost estimates and variation orders for the changes in scope/specifications of works and submit them along with detailed justification for approval of HPRIDC, (iii) enhance the deployment of supervision personnel and ensure quality of works, and (iv) minimize the replacements to the key personnel. These are further described in **Annex 6**.

Environmental Management

27. The focus of the mission was to review and ascertain the adequacy and quality of EMP implementation in the up-grading and periodic maintenance works being carried out under the project. Site visits were made to all up-grading works under Phase I and II, except for contract 6, which has been awarded only recently. In addition, the mission reviewed the following aspects: (a) status of forestry clearances for Phase I and II up-grading works; (b) regulatory clearances/permissions linked to establishment and operation of camps, plants/equipment and borrow areas; (c) mobilization and functioning of environmental officers in the Contractor, CSC and RIDC project teams; (d) progress on pre-construction activities, including tree cutting and shifting of water sources (such as hand pumps); and (e) progress on bio-engineering works. Details have been provided in **Annex 9**.

28. *Implementation of Environment Management Plans:* The over-all implementation of environment management plans/activities in the project remains 'satisfactory' despite the challenges posed by early and heavy monsoon in the state. Some of the key aspects that were considered during the rating process include: (a) a notable progress in obtaining Forest Clearances for the various up-grading works under the project; (b) debris/spoils management; (c) obtaining of required regulatory clearances/permissions for all operational construction camps, plant sites and borrow areas (as applicable); (d) reporting/documentation; and (e) over-all satisfactory compliance of the EMPs, including on aspects related to pollution monitoring.

29. While the over-all EMP compliance has been rated 'satisfactory', the performance varies across contracts. Some serious lapses were noted in case contract 9, part of Phase II upgrading works. The lack of planning and proper sequencing of works in contract 9 has led to several large landslides affecting access for traffic and pedestrian movement along the road. The mission expressed serious concern over the methodology and practices adopted by the Contractor and the disregard to follow the required norms (including non-mobilization of an Environment and Safety Officer and debris management). In contracts 4, 5 and 8 too, some instances of non-compliance/lapses were noted, requiring more diligence from both the Contractors and the Construction Supervision Consultants. More so, in contract 4, immediate corrective actions are required to resolve issues pertaining to provision of protection works; restoration of temporary/permanent access to properties/settlements; repair of damaged water lines; and rehabilitation of debris disposal sites (including the one at Km 98, which needs thorough investigation to understand why land at the slope base is bulging/cracking).

30. In addition to the above, there are a few actions/activities which need attention from all the concerned stakeholders, to ensure that the agreed EMPs remain in compliance. These actions were discussed in detail during the site visits as well as during meetings at Shimla and include the following:

- (a) Prepare/execute/expedite rehabilitation plans for the debris disposal sites.
- (b) Provide protection works (gabions/crate walls) at the base and as to create terraces/benches (if needed, on a case to case basis based on the slope height and character) at debris disposal location in line with contractual provisions. CSC/PIU need to ensure that such actions are taken in a timely manner and definitely prior to issuing 'substantial completion certificates'.
- (c) Expedite the plantation works to protect slopes (embankments, debris disposal areas etc.) and minimize soil erosion.
- (d) Expedite clearance and proper disposal of debris, including slips, scarified bitumen and excess construction materials from the road side.
- (e) Ensure clearance of waterways (drains, culverts and near bridge construction sites).
- (f) Strengthen enforcement of worksite safety management measures (including provision of standard signage and delineation at work fronts on/along the road in line with IRC SP:55 provisions).

- (g) Increase/rationalize staffing requirements for environment management and bio-engineering functions in the Construction Supervision Consultancy set-up (an action outstanding for a long time now).

Social Safeguards

31. The mission noted that the project has completed disbursement of land compensation for phase I roads and made significant progress in disbursement of (i) R&R assistance for both phase I and II roads; (ii) structure compensation in both the phases of roads; (iii) land compensation for phase II roads except for package 6; and (iv) in relocation of CPRs (details in **Annex 8**). However, the land acquisition progress in contract package 6 of phase II is still slow, though mission was informed that milestone 1 (approximately 14 km) is clear of all encroachment and other encumbrances. It is expected that all land acquisition related activities will be completed by end of December 2011. The income restoration strategy though has been finalized it is yet to be implemented. The mission was pleased to note that (i) consultants for RAP implementation evaluation have been hired by HPRIDC. The inception report will be submitted by September 15, 2011; and (ii) disclosure boards have been placed in each of the packages. The most time-sensitive activity for HPRIDC is (i) completion of land acquisition and payment of compensation for affected structures and disbursement of R&R assistance; (ii) extension of NGO's contract ; and (iii) implementation of income restoration strategy.

32. During the field visit, mission observed that issues raised by the mission during the last mission have been adequately addressed. The mission found that PAPs are largely satisfied with the process followed for land acquisition and amount offered as compensation. The mission noted that project has provided (i) protection walls to avoid damage to houses and agriculture fields above the affected slope even beyond the acquired right of way (ii) access to villages and even individual houses along the project road; (iii) proper MOUs have been signed between the owner and the contractor for the private dumping sites and (iv) conversion of dumping sites as play ground. During the visit to package 10 (Bhawarna – Jaisinghpur), mission noted that change in original notification under section 4(1) in village *Reeth*, has created confusion in the village. As per the original notification impact was on either side of the road and in the amended notification impact is largely on right hand side of the road or a result one single household is losing part of its structure and land in three different locations. In discussion with the Project Director and the community, it was agreed that, CMU will discuss the impacts with the community on September 1, 2011 and NGO representative will assist the PAPs in filing their grievances with the GRC. It was also agreed that Engineer will revisit the road design to ensure that safety of the structures is not compromised in order to reduce impact on land and structure. HPRIDC will share the community consultation report with the Bank.

33. The rating of RAP implementation is **Satisfactory**. However, this rating will be reviewed in December 2011 based on the assessment of agreed actions.

Periodic Maintenance Works

34. The Project includes periodic maintenance of about 2000 km of roads in CRN [Core Road Network] of the State. The works have been taken up in three tranches. Periodic maintenance of 1171 km of roads in CRN has been completed, works in 291 km of roads are in progress, and works in another 500 km (including performance-based maintenance contracts) are to be procured. Tranche 1 works have been completed. Tranche 2 works are in advanced stage of implementation and most of the Tranche 3 works are awarded. For status of all periodic maintenance works, please refer **Annex 12**.

35. **Implementation of Tranche-1.** Periodic maintenance of 532 km of roads in 25 contract packages has been completed. Bituminous works for improving the riding quality of the surface have been completed in 511 km.

36. **Implementation of Tranche-2.** 517 km of roads are being improved in tranche-2 maintenance works. Bituminous works for improving the riding quality of the surface have been completed in 454 km out of 481 km. One contract is to be procured.

37. The mission advised RIDC to critically monitor the packages in which civil and bio-engineering works are progressing very slowly. There are some contracts for which financial progress is not commensurate with the physical progress. Detailed observations are at **Annex 7**.

38. **Implementation of Tranche-3.** Periodic maintenance of 413 km of roads is taken up in tranche-3. Bituminous works for improving the riding quality of the surface have been completed in 185 km out of 410 km. Five contracts are to be procured. The mission was informed that for one of the contracts [Sainj – Chopal Nerwa Shallu Road], bids have not been received in two previous calls. The reasons may be attributable to low capacity of local contractors, remoteness and difficult terrain conditions of the project area. The mission agreed that the proposed works may be divided into three packages and also HPRIDC may review the qualification criteria.

39. **Performance Based Maintenance Contracts (PBMC).** PWD and RIDC had selected 441 km of roads in North Zone, Central Zone and South Zone for piloting PBMC works. The Bank had communicated its no-objection to the bid documents for PBMC. However, since some of the selected roads have been declared as National Highways and some others have not been in close proximity to the rest of the roads, the HPRIDC has decided to modify the list of roads. Now the roads have been finalized and cost estimates are being prepared. Since inviting bids for PBMC has been long delayed, the mission requested HPRIDC to not to further delay the process.

40. **Design of Road Safety/Blackspots Improvement Program.** The RIDC has appointed consultants for studying the about 50 blackspots, prioritize them and prepare mitigation measures for 20 of them. The consultants have prepared the feasibility report and carried out the detailed designs. The RIDC would review the DPRs and in a joint consultation with the respective field engineering staff of RIDC/PWD, the scope will be finalised and the works cost estimated. Based on the finalised scope of works, a decision has to be arrived at to decide on the mode of execution of these works – either as variations to the nearby main contracts of upgrading or maintenance or through very small individual contracts. The mission urged the RIDC to come to such a decision within the next one month to enable discussion with the Bank on the way forward. The following table presents the fatal accident scenario on HP state highways.

Year	Total number of registered vehicles [as on March of the year]	Number of fatalities due to road accidents on state highways during the year [from 1 st July of previous year to 30 June of year]	Death rate on HP state highways (number of deaths involved in traffic accidents/1,000 vehicles)
2009	522,983	281	0.54
2010	583,673	286	0.49
2011	621,714	322	0.52

Road Sector Management

41. **Road Maintenance Fund.** Based on the recommendations of a committee set up by the Government of Himachal Pradesh to review implementation of the Road Fund, the legislative process is underway for enactment of a Road Fund Bill. The Bank forwarded copies of Road Fund acts from the States of Mizoram, Kerala, and Assam to guide the PWD in drafting the Road Fund Bill for the State of Himachal Pradesh. A draft bill was formulated and sent to the Finance Department for its comments. The mission was informed that the draft bill will need the Finance Department's clearance and finally of the state legislature/cabinet. The sources of funds provisioned in the draft bill includes (i) cess at state level on diesel and petrol; (ii) revenues from roadside advertisements and other commercial exploitation of

road space; (iii) cess or additional tax on cement bags (initial proposal is Rs 2/= per bag); (iv) Entry tax, road tax and registration tax of new vehicles; (v) charges by PWD for implementing other department works @ 17%; and (vi) a proportion of the State Marketing Board collection (initial proposal in the bill is for 25%).

42. Discussions are in advanced stage among the PWD and the Finance Departments before the draft bill is agreed upon between the two departments and placed before the legislature for final approval. The final decision of the state cabinet is expected within the next 2-3 months.

43. The funding gap, projected by the consultant hired to estimate and structure the Road Fund, was about Rs. 3900 Crore for the 10 years ending FY 2016 i.e. about Rs. 390 Crore every year on an average. It is noted by the mission that the actual amount spent on maintenance works has increased from 40% of finance commission norms in 2006-07 to about 85% in 2010-11. The budget provisioning for the 2011-12 is about 71% of the FC norms. Moreover, as of today, most of the maintenance and road investment needs of the core network comprising of SH and MDRs are being taken care of by the WB loan for about 2400 km. However, the remaining length of about 1600 km needs funding for maintenance and upgrading. Road Maintenance fund, if set up by the HP state would meet this gap.

Year-wise Details of Funds Available/Expenditure incurred for Repair & Maintenance /Salary (Rs. in Crore)											
Year	Amount for Maintenance of Roads as per Finance Commission Norms	Additional Grant-in-Aid for Maintenance of Roads as per Finance Commission Norms	Total	Total Expenditure for Maintenance of Roads including Salary			Work Charged Gang Labor	Daily Waged Labor	HP PWD Salary	Total Expenditure for Maintenance of Roads excluding Salary	% of maintenance expenditure w.r.t. Finance Commission norms
				Plan	Non Plan	Total					
1	2	3	4=(2)+(3)	5			6	7	8	9 = (5)-(6)-(7)-(8)	10 = [(9)/(4)]*100
2006-07	307.39	65.41	372.8	3.10	478.18	481.28	253.31	-	75.25	152.72	41.0
2007-08	322.76	65.41	388.17	5.09	671.97	677.06	417.19	-	90.89	168.98	43.5
2008-09	338.89	65.41	404.3	0	685.58	685.58	394.2	-	90.2	201.18	49.8
2009-10	355.84	65.41	421.25	132.22	756.31	888.53	456.74	-	106.84	324.95	77.1
2010-11	373.63	65.41	439.04	108.02	957.53	1065.55	559.24	-	132.99	373.32	85.0
2011-12*	392.314	65.41	457.72	50.05	1157.45	1207.5	692.13	20.68	170.06	345.31	70.9

*budget

44. **E-governance/Computerization of PWD.** The NIC [National Informatics Centre] has completed a comprehensive *as-is* system study of the PWD and identified the needs of the PWD. It has now finalized the “to be” document comprising the needs of the PWD for rendering quality services in the near future. The mission was informed that the NIC has been requested to submit a proposal for the implementation of the recommendations of its “to be” report. This proposal should include the detailed hardware and software needs for the department, the training of the department officers to use and manage the system, the maintenance support for a period of 2 years after implementing the system, the cost for rendering the services and the duration for rendering and completing all the above services.

45. However, NIC has been delaying responding to the HPRIDC with a proposal. Mission urged the RIDC to pursue very hard with the NIC to submit a proposal which will form the basis for future action by GoHP to undertake the implementation. As part of the loan, there is a provision for supporting and procurement of buying IT hardware.

46. **Road Information System and Road Maintenance Management System.** The mission had detailed discussions with the PWD on the RIS/RMMS which is currently being housed and predominantly used to prioritize the rural roads in HP. Mission was informed that the RIS is a simple Microsoft Access based database which captures data pertaining to traffic, road and bridge inventory and dimensional parameters, location, pavement structure as originally laid; pavement intervention history and age of the latest layer, pavement and bridge condition and inventory of roadside land use and structure. The format is provided to all field offices of HP where the updated data is fed in and then transferred to the HQ in Shimla by CD or e-mails. This data is then interfaced with back-end software which analyses and prioritizes the road stretches based on the road conditions and importance factor for each road. For a rural road network, this level of prioritization and ranking is fairly robust and good. However, this does not take into account the traffic capacity ratios, cost requirement for different interventions, the axle-load data, pavement deterioration models and widening options etc. which will become essential when applying the model to the core network roads. Mission requested RIDC to discuss with the consultant, ways to tweak and upgrade this simple yet robust software to cater to the core-network roads. This will enable the RIDC to use this RIS/RMMS system to prioritize and budget for the SH and MDRs too. The PWD also mentioned the need to be able to (i) interface this RIS and the outputs of RMMS to the stand alone GIS which maps the PWD network of all roads to enable pictorial representation of the road data; and (ii) to connect the far flung field offices of the state to the HQ in a more secure manner to enable efficient data transfer of road data and also access the outputs of the RIS/RMS for preparing the DPRs for maintenance works etc. The mission advised that the first point could be discussed with the consultant for adding an interface with the GIS by obtaining a proposal from them. The second point should be covered under the e-governance initiative discussed in the previous section.

47. The mission was informed that although the PWD has ROMDAS equipment (purchased under the PMGSY project), it is not being used and the data is being collected manually through visual inspection. There is no vehicle for carrying the equipment. The mission expressed its concern over this retrograde development and urged the PWD/RIDC to take immediate steps to buy a new vehicle to host the ROMDAS instrument. The mission was informed that the cost estimate of outsourcing data collection seemed high. The mission assured the RIDC/PWD that it would look into the estimate to check its realism. One option could be to get the ROMDAS and other pavement strength data collected by the outsourced consultant while the traffic and road inventory data could be done in-house by the PWD field offices. All the data collected could then be consolidated and uploaded in to the RIS by the consultant, SMEC.

48. **PWD Gang Labor Productivity Study.** Since the last mission, there has been some progress on this issue. GoHP has already taken a decision not to hire any more gang labor. The PWD planned to reduce the gang labor using a three pronged strategy – (i) freezing fresh hiring and not replacing the natural attrition; (ii) absorbing a few educated laborers as office assistants, computer operators etc; and (iii) transferring a few skilled and educated persons to other departments for similar use as in “ii” stated above. The Bank team would review the consultant report and recommendations before the next mission to assess the extent of its adoption by the PWD to get the desired change. The following table presents the share of gang labor costs in total spending on maintenance works over the years.

Share of gang labor costs in total spending on maintenance works (in Rs. Crore)							
Year	Total Expenditure for Maintenance of Roads including gang labor costs			Work Charged Gang Labor	Daily Waged Labor	Gang labor costs in total spending on maintenance works	% share of gang labor costs in total spending on maintenance works
	Plan	Non Plan	Total				
1	2			3	4	5 = (3)+(4)	6 = [(5)/(2)]*100
2006-07	3.10	478.18	481.28	253.31	-	253.31	52.6

2007-08	5.09	671.97	677.06	417.19	-	417.19	61.6
2008-09	0	685.58	685.58	394.2	-	394.2	57.5
2009-10	132.22	756.31	888.53	456.74	-	456.74	51.4
2010-11	108.02	957.53	1065.55	559.24	-	559.24	52.5
2011-12*	50.05	1157.45	1207.5	692.13	20.68	712.81	59.0

*budget

49. The original strength of regular and daily waged laborers employed by PWD was 36,558 and 7,212 numbers respectively. This totaled to about 43,770 (consistent with the figure of 44,000 was mentioned in the Bank's appraisal document). However, during the past 4 years, a vacancy of 3,120 posts have occurred which have not been filled up. Another 7,318 positions have been abolished post retirement of people. Another 469 persons have been placed at the disposal of Finance Department to transfer to other departments. Thus, as of date, the PWD hired labor count is about 32,863 (i.e about 33,000). This is a reduction of about 11,000 persons over 4 years. This is also expected to further reduce in the coming years due to attrition and retirement and the freeze on fresh hiring.

50. **ISO 9001 QMS and 14001EMS Implementation.** The HPRIDC headquarters, two divisions of National Highways, three CMU units and the Finance Wing of RIDC have obtained ISO 9001 certification, which is valid until August 2013. However, due to some dispute between the consultant and PWD, the external audit for continual evaluation and validation is not taking place. Mission urged the PWD to discuss this issue with the consultant and sort it out.

51. **Proof-Review of Tunnel Design.** RIDC has selected an international expert to peer review the designs of the tunnels. The consultant has proof-reviewed and submitted the review report. Based on the review report, bidding documents have been prepared by the Tunnel Design consultants. The GoHP is now exploring financing for implementing the designs. There has been no progress after the last mission on this aspect.

52. **PWD/RIDC Human Resources Management (HRM).** The consultants had prepared a functional organization chart for the changed PWD. The Principal Secretary had, during the previous missions, agreed to review the recommendations of the consultants and take a final view on the future of PWD and then put it before the Cabinet for approval. The mission noted that there has not been any progress on this. Also, the mission was informed that there is another study done by ICRA for the GoHP to assess the HR management issues and requirements for 5 departments in the state and PWD was one of them. Mission need more clarity on the present status of implementing the recommendations of either of the studies to enable the department to increase its efficiency to effectively manage the road network.

Financial Management

53. The following are the recent developments and key issues: (a) With the significant progress in the contract works, hiring of additional accountants at the Head Office needs to be completed at the earliest; (b) The changes to the FM Manual along with other changes in the Operational Manual needs to be approved by the Board; (c) Internal auditors for FY 2010-11 were hired and audit has been completed. The Internal Audit report for FY 2010-11 now needs to be finalized by the project and shared with the Bank; The contract for the current internal auditor was to cover audit of FY 2010-11, therefore, appointment of internal audit for FY 2011-12 needs to commence and complete at the earliest; (d) External audit report needs to be submitted to the Bank latest by September 30, 2011. Some of the above actions have not been completed for a while and are delayed. Based on this, project Financial Management is rated as **Moderately Satisfactory**. On completion of these agreed actions, the rating will be suitably reviewed in the next mission.

54. Disbursement from the World Bank as on September 3, 2011 is USD 96.24 million which represents 43.75% of the loan of USD 220 million. This includes the disbursement relating to the June 2011 FMR and an outstanding advance in the designated account of USD 28.05 million. Disbursement figures continue to show a positive trend; disbursements have increased by USD 48.47 million since the last mission in January 2011. Details of Financial Management issues and actions are at **Annex 10**.

Procurement

55. Procurement performance during the review period is rated as **Satisfactory**. This assessment is based on: (i) procurement contracts for all the upgrading works have been awarded and are in various stages of implementation; (ii) all procurement for periodic maintenance contracts except for 6 packages has been awarded; (iii) quality of submissions for procurement clearances; and (iv) observations noted in the Post Procurement Review [PPR] report of FY 2011. It is noted that the project has initiated actions on all activities recommended by the Bank in its previous mission except the following (a) bidding and award of Performance Based Maintenance Contracts (PBMC). The Bank has already communicated its no-objection to the bid documents for PBMC; (b) provide responses to the Post Review Report for FY 2010; and (c) workshop of all key stakeholders was to be organized

56. The updated Procurement plan was shared with the mission and the same was discussed. Under the periodic maintenance contracts for state roads, 6 packages are yet to be awarded. 2 packages are under review at the time of the mission, and for the balance 4 packages bid process have been unsuccessful either due to no response, or high prices compared to the estimates or bidders being non-responsive to the bidding conditions. The Project needs to expedite the contracting to avoid further delays and cost escalations. As repeated bidding for some of the packages from zonal offices are resulting in non-responsive bids or no response, Project may consider bidding from its own office for attracting a wider market of contractors and also carry out an analysis for the poor response and come up with implementable solutions for the balance of the packages.

57. The **Procurement Post review (PPR)** report and the observations for FY 2011 was discussed. The report has shown many procedural aspects where the project is not meeting the agreed requirements. These include not advertising the IFBs in national dailies, use of e-procurement, etc. The project has already taken action by issuing a letter to all the divisions clearly stating that e-procurement systems should not be used as the system has not been assessed by the Bank. The project would submit a detailed response on the observations along with an action plan by end of October 2011.

58. The mission noted that the HPRIDC has started maintenance of electronic complaint register and the same has been linked to the e-samadhan system of the Government of Himachal Pradesh. It was informed that all the complaints received were looked into at the appropriate level and have been closed after due process.

59. Post review for contracts awarded between July 1, 2010 and June 30, 2011 was carried out on a sample basis. The PPR report would be shared with the project separately.

Project Management

60. **RIDC Staffing.** Recently, there have been changes in the management of the HPRIDC. Most of the staff is in place. GoHP is requested to ensure stability of the project management team.

61. **Project Monitoring and Reporting.** The mission requested RIDC to continue 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. The mission requested RIDC to regularly update the Project Report and forward it to the Bank within 15 days after every quarter.

62. **Performance Monitoring Indicators (PMI).** The mission and RIDC jointly reviewed the PMIs and updated the value of PMI indicators based on available information. The status of achievement of the performance indicators is at **Annex 1**.

63. **Information Disclosure.** The mission reviewed two key transparency aspects on the project – information disclosure and complaint handling mechanism to deal with various types of complaints. While the website (himachal.nic.in/hpridc) has been organized better and also comprises statistics on information requests received under the RTIA, minutes of public consultations and statistics on complaints are still missing from the website. Citizen information boards have been placed at most of the project sites. In addition, HPRIDC, as a public entity, has still not fully complied with all the mandatory provisions of Section 4(1)b of the RTIA. The PIO has been sent for training on the RTIA. Actions listed in the last Aide Memoire in terms of disclosure of complaint related statistics and HPRIDC's response to common complaints on the website has not been complied with. Details of the actions required are provided in **Annex 15**.

64. **Compliance with Loan Covenants.** The Project and Loan Agreements were reviewed during the mission. The status of compliance of the Project and Loan Agreement covenants is in **Annex 2**. All covenants except one are in compliance. The non-compliant legal covenant is submission of impact assessment report of the implementation of the resettlement action plan at the mid-term stage. This is due and needs to be sent to the Bank at the earliest. Consultants are carrying out the impact assessment.

65. **Next Implementation Support Mission.** The next full implementation support mission is scheduled for February/March 2012.

IV. ANNEXES

- Annex 1** Progress of achievement of performance indicators
- Annex 2** Status of compliance of legal covenants
- Annex 3** Status of Key Project Implementation Action/Activities (agreed during the last Mission)
- Annex 4** Key Project Implementation Action/Activities (agreed during this mission and to be reviewed during next mission)
- Annex 5** People Met by the Mission
- Annex 6** Detailed Mission Comments on Upgrading Works
- Annex 7** Detailed Mission Comments on Maintenance Works
- Annex 8** Detailed Discussions on Social Issues and Agreed Actions
- Annex 9** Detailed Discussions on Environment Issues and Agreed Actions
- Annex 10** Financial Management Issues and Actions
- Annex 11** Status of Upgrading Works
- Annex 12** Status of Maintenance Works
- Annex 13** Status of all Consultancy Services
- Annex 14** Status of Encumbrances in Upgrading Roads
- Annex 15** Status of Actions to Enhance Transparency

Annex 1

Progress of Achievement of Performance Indicators

Outcome Indicators	Baseline	Target Value by midterm	Target Value by completion	Value/Status of performance indicator
% of the entire core network (~4,000 km) in poor condition	40%	30%	=< 10%	33%
Average speeds on the WB financed roads, which received upgrading, predicted using HDM-4, (% increase)	TBD in YR1	25% for completed stretches	25% for completed stretches	No completed stretches. However, on 71 km of roads [which in full width are laid with bituminous course], speeds have increased by more than 25%.
Death rate on HP state highways (number of deaths involved in traffic accidents/1,000 veh)	2.0	=<2.0	=<2.0	0.52
Level of road user satisfaction with the entire core network, index 1-5	1.5	2.0	3.0	Consultancy services are in progress
Component One (Core Network Upgrading):				
% of target roads (~ 447 km) of core network completed upgrading	0%	30%	100%	0%. However 71 km of roads have been laid with bituminous course.
% of target roads (~447 km) in excellent condition (no cracking; IRI < 3.5)	0%		95%	15.8%
% of fiscal year contracts let within 120 days of bidding (after deadline of bids received)	0%	90%	100%	In 2010-11 = 60% <u>Overall:</u> Upgrading works = 20% Consultancies = 68% Maintenance works = 76%
% of PAPs paid compensation and provided with R&R assistance	0%	100% for Phase I	100% for Phase II	Phase 1: Land compensation progress 100%, R&R assistance progress 53% Phase 2: Land compensation progress 69%, R&R assistance progress 50%
% survival rate for trees planted under the Project	0%		50%	Data collation by HPRIDC on-going. Preliminary information (not covering all works), indicates results between 30 percent to 80 %.
% of road users and project construction worker aware of correct ways of HIV/AIDS prevention and transmission	10%	30%	50%	74%
Component Two (Core Network Maintenance and Management):				
% of target roads (~2,000 km) of core network receiving periodic maintenance	0%	50%	100%	73%
% of performance-based contract packages executed on target roads (~300 km)	0%	30%	100%	0%
% of 20 target locations receiving black spot treatment	0	30%	100%	0%. Designs completed.

Full operation of stable road financing mechanism for the core network (~4,000 km)	Nil		Yes	Draft Road Fund Bill is being prepared
Reduction in share of permanent gang labor costs in total spending on routine and emergency works	75%	65%	50%	59%
Setting up of Quality Assurance System	Nil		RIDC (incl. 3 CMUs) completed ISO registration	Completed
Development of Accounting Policies and Procedures Relating to Road Assets	Nil	Completed	Recommendation implemented	RMMS developed and Annual maintenance plans are being prepared using RMMS system.
Rolling annual training plan prepared, implemented and evaluated	Nil	Yes	Yes	In progress

Annex 2

Status of Compliance of Legal Covenants

Description of Covenant	Date Due	Status
GoHP shall maintain the Board of Directors of the RIDC with composition and powers sufficient to function and direct the carrying out of the Project in a timely and effective manner.	Recurrent	C
GoHP shall maintain a dedicated team of suitably qualified staff in RIDC both at HQ and in at least 3 dedicated field divisions, with sufficient resources	Recurrent	C
RIDC shall prepare EMPs and RAP for Phase II roads in accordance with Operations Manual and R&R policy, satisfactory to the Bank	04/05/2009	C
RIDC shall implement the Project in accordance with Operations Manual, EMPs, RAPs, Financial Management Manual	Recurrent	C
GoHP shall transfer Loan Proceeds to RIDC within 3 weeks of receiving them from GOI	Recurrent	C
RIDC shall prepare and make public by March 31 of each year starting from 2008 an annual Road Maintenance Plan for core road network for following FY and implement it in a timely & efficient manner	Recurrent	C
RIDC shall prepare and make public by April 30 of each year starting from 2008 a core road network condition and traffic survey report and a core road network maintenance achievement report for the proceeding FY	Recurrent	CP
GoHP shall have the financial statements audited by acceptable auditors and furnish the Bank the audited reports no later than 6 months after the closing date for the statements	Recurrent	C
RIDC shall maintain a financial management system in accordance with agreed requirements	Recurrent	C
GOI shall make Loan proceeds available to GoHP according to the agreed arrangements	Recurrent	C
RIDC shall prepare and furnish to the Bank quarterly Project Reports including agreed performance monitoring indicators no later than 45 days after end of each quarter	Recurrent	CD
All goods, works and services to be financed out of the Loan shall be procured in accordance with the provisions of the Project Agreement	Recurrent	C
Prepare project reports for each fiscal year quarter and submit to Bank not later than 45 days after the end of the period.	Recurrent	C
Prepare and furnish to the Bank (a) by Nov 15, 2009, a comprehensive Project progress report satisfactory to the Bank; (b) two(2) impact assessment reports of the implementation of the RAP, the first by May 31, 2009 and the second within 120 days of completion of all resettlement under the project		Not Complied. Consultancy services are in progress.

Annex 3

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

S. No.	Key Actions	By whom	Target Date	Status
	Social Safeguards			
1.	Completion of land and structure acquisition of all roads in both the phases	HPRIDC	March, 2011	Substantially completed
2.	Disbursement of R&R assistance in all roads for both the phases	HPRIDC / NGO	May, 2011	Substantially completed
3.	Data on % THs received compensation and R&R assistance	HPRIDC/ NGO	Immediately	Not completed
4.	Income restoration of PAPs	HPRIDC	June, 2011	Process initiated, but not completed
5.	Disclosure boards on each of the packages	HPRIDC	Immediately	Completed
6.	Hiring of consultants for mid-term evaluation of RAP implementation	HPRIDC	Immediately	Completed
	Transparency and information disclosure			
7.	Training of PIO on RTIA at HPIPA	HPRIDC	March 2011	Done
8.	Annual report on RTIA implementation to GoHP and Bank	HPRIDC	March 2011	Not done
9.	Compilation of all project related complaints and related statistics on HPRIDC Website	HPRIDC	January 2011	Not done
	Financial Management			
10.	Hire and fill 3 additional vacant posts of accountant at HO.	HPRIDC	March 2011	Not Completed
11.	Revised FMM to be sent to the Bank.	HPRIDC	March 2011	Not Completed
12.	Internal Auditors for FY 2010 – 2011 hired.	HPRIDC	March 2011	Completed (but delayed)
13.	Ensure that utilization certificates for utility shifting and land acquisition are obtained at the earliest.	HPRIDC	Ongoing	Ongoing
	Environmental Management			
14.	Obtain Forest Clearance for all pending cases in Phase I up-grading works	RIDC	By October 31, 2010	Completed
15.	Obtain Forest Clearance for Phase II up-grading works	RIDC	By December 31, 2010	Completed except for one case in contract 8
16.	Take corrective actions, including restoration of access, repair of water lines/storage facility, clearing of debris/spoils from fields and rehabilitation of debris disposal sites on Contract 4 and share compliance report with WB	RIDC/CSC /Contractor	By September 15, 2010	Completed; But similar new actions have been identified during the Sept. 2011 mission
17.	Take corrective actions, including clearing of debris and completion of documentation for two disposal sites located on private land on Contract 8 and share a compliance report with WB	RIDC/CSC / Contractor	To be initiated immediately and all required actions should be completed by September 15, 2010	Completed
18.	Ensure availability of full time Environmental Officers in CSC team (requires provision/ rationalization of man-months in CSC's contract)	RIDC/CSC	By December 31, 2009	Pending; There is only part time availability of EO.
19.	Improve worksite safety management (including provision of standard signage and better PPE	RIDC/CSC /	Continuous	Partially Complied; Number and quality of

	discipline among engineers and workers) on both Phase I and II up-grading works	Contractor		signage (as per IRC) needs to be improved.
	Procurement			
20.	Expedite the bidding and award for maintenance and PBMC contracts	HPRIDC	January 2011	Not done
21.	Provide responses to Post Review Report FY 2010 on submission by World Bank	HPRIDC	15 February 2011	Done
22.	Complete the selection of Auditors following agreed Procurement Procedures	HPRIDC	28 February 2011	Done

Annex 4

Key Project Implementation Action/Activities (to be reviewed during the next Mission)

S. No.	Key Actions	By whom	Target Date
Social Safeguards			
1.	Completion of land and structure acquisition of phases II roads and left out <i>khasras</i> of both the phases.	HPRIDC / NGO	December 31, 2011
2.	Disbursement of R&R assistance in all roads for both the phases	HPRIDC / NGO	December 31, 2011
3.	Data on % THs received compensation and R&R assistance	HPRIDC	Immediately
4.	Income restoration of PAPs	HPRIDC / NGO	November 30, 2011
5.	Extension of NGO services till December 2011	HPRIDC	Immediately
6.	Relocation of CPRs of all roads in both the phases	NGO	October 15, 2011
7.	Inception report of RAP implementation evaluation	Consultants	September 15, 2011
8.	Report on consultation with the community in Reeth village of C-10	HPRIDC	September 30, 2011
Environmental Management			
9.	Immediate corrective actions on issues/deficiencies that were identified in Contract 4 (including issues related to the critical debris disposal site near km 98)	HPRIDC/CSC/ Contractors	By November 15, 2011
10.	Immediate corrective actions on issues/deficiencies that were identified in Contract 9 (clearance of debris and disposal at pre-identified/approved disposal locations; protection and drainage works; mobilization of EO)	HPRIDC/CSC/ Contractors	By October 31, 2011
11.	Initiate/complete rehabilitation of debris disposal sites – all contracts	HPRIDC/CSC/ Contractors	Initiate by October 15, 2011; Completion prior to issuing substantial completion certificate
12.	Resolve staffing requirements for environment management and bio-engineering in the CSC team	HPRIDC	By October 31, 2011
13.	Obtain Forestry Clearance for pending case in Contract 8	HPRIDC	By October 31, 2011
14.	Finalize and share with Bank the BE manuals	HPRIDC	By October 31, 2011
Financial Management			
15.	Hire and fill 3 additional vacant posts of accountant at HO.	HPRIDC	March 2012
16.	Revised FMM to be sent to the Bank.	HPRIDC	November 2011
17.	Finalize Internal Audit Report for FY 2010 – 2011	HPRIDC	November 2011
18.	Appoint Internal Auditors for FY 2011-12.	HPRIDC	October 2011
19.	Submit External Audit Report for FY 2010-11	HPRIDC	September 30, 2011
20.	Ensure that utilization certificates for utility shifting and land acquisition are obtained at the earliest	HPRIDC	Ongoing
21.	Transparency and information disclosure		
22.	Annual report on RTIA implementation to	HPRIDC	December 2011

	GoHP and Bank		
23.	Compilation of all project related complaints and related statistics on HPRIDC Website	HPRIDC	December 2011
24.	Procurement		
25.	Expedite the bidding and award for maintenance and PBMC contracts	HPRIDC	February 2012
26.	Provide responses to Post Review Report FY 2010 on submission by World Bank	HPRIDC	November 30, 2011
27.	Provide responses to Post Review Report FY 2011 on submission by World Bank	HPRIDC	October 31, 2011
28.	A workshop of all key stakeholders is organized early facilitated by an expert familiar with various contract conditions and its applicability and a clear Roles and Responsibilities Matrix is developed	HPRIDC	November 30, 2011

Annex 5

List of Persons met by the Mission

S. No.	Name	Designation/ Address
<i>Govt. of Himachal Pradesh</i>		
1.	Mrs. Rajwant Sandhu	Chief Secretary to GoHP
2.	Mr. P.L.Chauhan	Special Secretary (PW) to GoHP.
<i>HPRIDC</i>		
3.	Mr. Pardeep S Chauhan	Chief Engineer-cum-Project Director, SRP, HPRIDC, Shimla
4.	Mr. K K Malhotra	Superintending Engineer, HPRIDC, Shimla
5.	Mr. A.K. Dutta	E.E. (CM), HPRIDC, Shimla
6.	Mr. Lalit Bhushan	E.E. (P), HPRIDC, Shimla
7.	Mr. Bhavan Sharma	E.E. (T&D) HPRIDC, Shimla
8.	Mr. Pritam Chand Bandan	E.E. (CMU) HPRIDC, Dharamshala
9.	Mr. S.K.Sharma	E.E. (CMU) HPRIDC, Hamirpur
10.	Mr. S.S.Kutlehria	E.E. (CMU) HPRIDC, Una
11.	Mr. Suresh Ganju	E.E. (CMU) HPRIDC, Shimla
<i>HPRIDC (Finance)</i>		
12.	Mr. Anil Kapil	G.M.-cum-F.A. HPRIDC, Shimla
13.	Mr. Virender Bhardwaj	Dy Manager (Fin.), HPRIDC Shimla
<i>The Louis Berger Group Inc.</i>		
14.	Mr. Andrew Bogle	Team Leader, CSC, LBG
15.	Mr. Sanjay Kumar Singh	R.E (Pkg-1&2). LBG
16.	Mr. Anoop Kumar	R.E. (Pkg. - 3, 4 & 6), LBG
17.	Mr. Ajay Arora	R.E (Pkg -5). LBG
18.	Col. M.S.Bisht	R.E. (Pkg-7,9), LBG
19.	Mr. Vijay Kumar	R.E. (Pkg. - 8) LBG
20.	Mr.V.K.Jha	R.E. (Pkg-10), LBG
<i>M/S Longjian Road & Bridge Co., China</i>		
21.	Mr. Ghow	Acting Project Manager (Pkg - 5)
22.	Mr. Diao Zai Xuan	Project Manager (Pkg - 1)
<i>M/S C&C Constructions, India</i>		
23.	Mr. Ashwani Dogra	Project Manager (Pkg-3), C&C Construction
24.	Mr. Sanjay Singh	Project Manager (Pkg-2), C&C Construction
<i>M/S NKG Infrastructure Limited</i>		
25.	Mr. Rajeev Garg	Director, NKG Ltd.
26.	Mr. Sarvjeet Singh	Project Manager (Pkg-9), NKG Ltd.
<i>M/S Som Datt Builders Ltd.</i>		
27.	Mr. Srikrishna	Project Director
<i>M/S Dilip-Valecha Limited (JV)</i>		
28.	Mr. Davinder Jain	Managing Director
29.	Mr. Manoj Kumar	Project Manager
<i>M/S ANS Construction Limited</i>		
30.	Mr. Sanjay Chauhan	Coordinator
31.	Mr. R.C. Kaushal	Project Manager
<i>Consultant for Rural Area Linked Economy (CRADLE)</i>		
32.	Mr. Pranay Kumar	Team Leader, CRADLE
33.	Mr. Surender Parmar	Dy. Team Leader, CRADLE
<i>Consultant for External Evaluation for Resettlement and Rehabilitation</i>		
34.	Ms.Sumita Akhauri Sahay	Team Leader/Deputy GM,DHV India Pvt.Ltd.,New Delhi.
35.	Mr. Ajay Aggarwal	Director, DHV India Pvt.Ltd.,New Delhi.
<i>Consultant for Mid Term Road User Satisfaction Survey</i>		
36.	Mr.Sandeep Ghosh	Vice President,TNS India Pvt. Ltd,Gurgaon
37.	Mr.Parmod Bhatt	Project Director, TNS India Pvt. Ltd,Gurgaon

Annex 6

Detailed Mission Comments on Upgrading Works

The Component 1 (Core Network Upgrading) of the project envisages upgrading of 447 km of roads in the Core Road Network (CRN). HPRIDC is implementing this component through 10 contract packages in two phases.

Phase 1 Works: All five civil works contract packages of phase 1 upgrading works, which constitute a total length of 232 km, have been awarded at a total contract price of Rs 5890 million [approximately US\$ 130.9 million @ 1 US\$ = Rs 45]. In all these contract packages, the contractors and the supervision consultants have mobilized and the civil works are at various stages with physical progress ranging from 18.7% to 66.5% by 31 August 2011. The mission visited project sites of all five phase 1 roads i.e. Mehatpur-Una-Jahalera-Amb Road, Una-Bangana-Barsar Road, Barsar-Jahu Road, Jahu-Kalkhar Road, and Theog-Rohru Road.

Package	Original contract price (Rs million)	Revised likely contract price excluding escalation (Rs million)	Commencement Date	Date of Completion (as per contract)	Revised Date of Completion (with approved EoT / EoT recommended by the supervision consultants)	Value of work done (as of Dec 2010) in Rs million	Physical Progress (as of Dec 2010) w.r.t the revised contract price	% of hindrance-free stretches available
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	1265	1389	8 May 2008	7 Nov 2010	23 Nov 2012	491.1	38.9%	98.2%
2	979.5	965	14 May 2008	13 Nov 2010	9 July 2012	601.7	66.5%	98.5%
3	1028.2	986	14 May 2008	13 Feb 2011	19 Sep 2012	504.8	53.2%	87.5%
4	335	350	10 Aug 2008	9 Feb 2010	12 Jun 2012	169.5	50.6%	100%
5	2282.5	2428.5	5 June 2008	4 June 2011	14 April 2012	427.2	18.7%	96.4%

Phase 2 Works: All five civil works contract packages of phase 2 upgrading works, which constitute a total length of 203 km, have been awarded at a total contract price of Rs 3974 million [approximately US\$ 87.7 million @ 1 US\$ = Rs 45]. In these contract packages, except package 6 on which the works are yet to start, the works are at various stages with physical progress ranging from 23% to 42.5%. The mission visited the sites of all four phase 2 roads which are in implementation i.e Ranital – Kotla Road, Kumarhatti – Nahan Road, Draman – Sihunta Road, and Bhwarana – Lambagaon Road.

Package	Original contract price (Rs million)	Revised likely contract price excluding escalation (Rs million)	Commencement Date	Date of Completion (as per contract)	Revised Date of Completion (with approved EoT / EoT recommended by the supervision consultants)	Value of work done (as of Dec 2010) in Rs million	Physical Progress (as of Dec 2010) w.r.t the revised contract price	% of hindrance-free stretches available
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
6	Procurement is completed. The contract price is Rs 938.6 million. The works are likely to start in Sep, 2011.							
7	622.5	608	8 Mar 2010	7 Sep 2011	15 July 2012	266.5	42.5%	97.9%
8	1422.2	1479.9	26 Oct 2009	25 July 2012	29 April 2013	330.9	23.1%	58.1% *
9	430.2	418.8	1 Dec 2009	31 May 2011	31 May 2012	99	23%	100%
10	560.7	560	8 Mar 2010	7 Dec 2011	17 Sep 2012	228.3	40.7%	95%

*Forest clearance expected to be received shortly

The mission, along with the officials of RIDC and the Supervision Consultants, discussed the progress of Works with the Contractors of all phase 1 and phase 2 Roads.

Contract Package 1: Mehatpur-Una-Jahalera-Amb Road; Contractor: Longjian Road and Bridge Limited Company: The progress of works is behind schedule. The physical progress is only about 39% after lapse of 3 years and 4 months of the contract period as against 80% as per the revised contract programme. The mission was informed that 100% of encumbrance free land is now available to the contractor to work. However, the contractor seems to be plagued with cash-flow problems in spite of HPRIDC extending timely payments and advances. The liquidated damages are also not being levied to help the contractor with the cash-flow situation. However, there is not much improvement in the progress. The progress in the structural works is very poor. The sub-contractor who is working on the structures is performing very poorly also.

Bituminous works of DBM have been completed only on about 28 km when WMM completed stretches of 39 km are available to the contractor. Only 500 m of BC have been laid. Out of 12 new bridges, works are in progress only on 7 bridges. There is no action plan or strategy of commencing the remaining 5 bridges keeping in mind that the sub-contractor is not performing. Of the 18 box culverts, only 3 have been tackled so far.

The quality of road construction is satisfactory and the DBM layer is done quite well. However, the quality and finish of the structures (executed by the sub-contractor) is extremely poor. There is lack of line and length to the kerbs/handrailings, the suspended deck slabs and a lot of honeycombing observed in the substructure. The mission advised that the DBM and the BC layers be completed as soon as possible to make the road better and motorable. Even though, the structures executed directly by the main contractor are satisfactory to quality and finish, it must be kept in mind that the principal contractor is accountable to the quality of finishing of the sub-contractor also. The mission expressed its unhappiness with the quality of supervision on the structural front both from the Supervision Consultants and the RIDC.

The mission expressed its clear displeasure over the quality and progress of works. The contractor needs to pump in more cash into this contract for completion as per schedule. Also, a dedicated team of skilled structural foremen needs to be mobilized by the contractor to complete the structures in the contract. It was discussed and the mission advised that the contractors be given a final 2-3 months to bring things back to order or else resort to the contractual provisions. The mission advised the GoHP to pursue with the concerned authorities regarding non-performance of the contractor. Notice/letters may also be written to the highest level in the contractors' organization both from the consultant and the MD of RIDC informing them of the poor performance and the possibility of termination if things do not improve.

Contract Package 2: Una-Bangana-Barsar Road; Contractor: C&C Construction Limited: The physical progress is only about 66.5% after lapse of 3 years and 4 months of the contract period as against 92% as per the revised contract programme (R-2). The progress is lagging. Most of the hindrances have been cleared and LA completed and the stretch is 98.5 percent encumbrance free. Bituminous concrete has been completed on about 23 km of the 45 km of road stretches while DBM has been completed on 39 km. Construction of 4 bridges and about 22 culvert/CD structures are still not completed.

Key points observed during the site visits are:

- Very poor quality of concrete finishes in structures, stone retaining walls and drains. In some places the inner level of the concreted drains was higher than the road/shoulder level which might hinder effective functioning of the drains.
- The quality of bituminous construction is satisfactory.

- There are a lot of landslides due to the cutting of hill-slopes done by the contractor for widening which is resulting in requests for retaining walls or some sort of slope stabilization by the local residents.
- Construction debris was still lying on some stretches and needs immediate disposal to the earmarked sites.

The mission advised the contractor, Supervision Consultants and the RIDC officials to have a joint meeting to discuss and decide, preferably by September 30 2011, the locations of retaining walls and stone gabions to enable the contractor to complete the works as soon as possible. Frequent landslips are creating a problem for the contractor to complete the finishing works like BC, shoulders and the drains. The mission was informed by the contractors that the CD and bridge works would be substantially completed by January 2012. All efforts would be made to complete and handover the entire road by June 2012. The Bank team also advised the contractor and SC to complete all the remaining bituminous works of DBM and BC as soon as possible. All the DBM stretches need to be covered as soon as possible immediately after the rains.

The mission expressed its concern over two aspects of contract management. First, it was felt that the requests for EOT by the contractors need to be disposed off at the earliest by the Supervision Consultants and the HPRIDC. There is also a need for the Supervision Consultants to strengthen the Team Leader's office with appropriate senior contract and quantity survey persons to check and monitor all the bills/payments, variations and EOT proposals forwarded by the resident engineers before final approval by the Engineer. Secondly, there seems to be a tendency in the GoHP/RIDC to hold up payments right up to 42 days or near about as provided in the contract documents for maximum duration to pay the Interim Payment Certificates. Contracts provide sufficient outer limit for payments to cater for any exigencies in processing but every attempt should be made by the client to pay the contractor as soon as possible for all approved bills.

Contract Package 3: Barsar-Jahu Road; Contractor: C&C Construction Limited: After lapse of 3 years and 4 months of the contract period, the physical progress is only about 53% as against 57% as per the revised contract programme (R-2). The progress is satisfactory and the contract seems to be progressing well. Hindrances have been cleared and LA disbursements were being completed during the mission. It was expected that about most of the stretch will be encumbrance-free by end Sep 30, 2011 to enable the contractor to carry on with the works. Payments were being disbursed to the remaining PAPs during the mission site visit. Bituminous concrete has been completed on about 20 km of the 45.8 km of road stretches while DBM has been completed on 36 km. The progress on the CD works and bridges is also slightly behind schedule and expected to be completed by end of December 2011. The two bypasses have not been completed yet at Bhota and Jahu. Works are ongoing at Bhota bypass which is expected to be completed including the bridge by January 2012. However, works are yet to commence on the Jahu bypass (of about 2.6km) and the nearby minor realignment (0.5km) which has a major 8 span bridge over river Jahu.

The contractor requested whether the open foundations of the major bridge in Jahu bypass can be converted into a well foundation to enable speedier and safer construction due to flash floods etc. The SC and the RIDC would look into this matter and advise the contractor suitably.

The mission during its site visit observed that the debris disposal is not very satisfactorily being done. Small stretches of gabion walls have been erected. It was pointed out to the contractor that the gabion wall should be able to actually with stones kept flat and not vertical to enable greater stability. There should be enough lateral clearance, without any fresh cutting of the slope, from the drain to enable the gabions to function satisfactorily. All the DBM stretches needs to be covered up by BC as soon as

possible after the rains. Weep-holes should be cleared of the mud and concrete which appear to have blocked the egress of water.

The contractor has made assurances to the HPRIDC that the entire road (including Jahu and Botha bypasses) would be substantially completed by end Sep 2012 keeping in mind and complying with the various intermediate milestones also. However, the Jahu river bridge on the bypass being a major bridge might overshoot this limit by a couple of months.

In the contract too, the same problems of contract management as highlighted in the previous contract were noted i.e. (i) delays in decision making by the SC on the VOs and EOTs; and (ii) delays in payment by the RIDC taking it to the limit of 42 days as provided in the contract.

Contract Package 4: Jahu-Kalkhar Road; Contractor: ANS Construction Limited: The full stretch is available to the contractor for construction without any encumbrances. The progress reported is about 51% after 3 years of contract period as against a planned achievement of 51% as per the latest revised schedule. EOT has been requested and recommended by SC up to June 2012 but final approval is yet to be given by RIDC/PWD.

Though the quantum of work done seems satisfactory, the quality of construction leaves a lot to be desired. The workmanship of concrete structures and the quality of DBM laid is not up to the mark. Also, the contractor has neglected the construction of drains as well as retaining structures like the walls and the gabions at appropriate places. Both these inactions have resulted in the blacktopped portions (with DBM) being spoilt by landslides and water running on the surface during the recent monsoons. Moreover, this neglect of constructing drains and retaining structures seem to have created a lot of issues and problems with the people who live along the road either on the hillside or on the valley side. There were complaints all along the road during the Bank team's field visit about cracks and other related structural and access road problems by the nearby residents. Water pipelines have also been broken due to the landslides created by the construction works without the precautionary measures being taken. Landslide debris needs to be cleared as soon as possible since it was blocking proper flow of water across the roads and along the few drains wherever constructed. The contractor seemed to be under-resourced as far as the equipment needed for clearing and construction of such a road in this condition. There has been a dip in the number of equipments, since the previous Bank mission, which has resulted in the slower progress as well as quality of workmanship.

Mission expressed concern about all the public problems being caused by the improper construction methodology adopted by the contractor. Immediate construction of retaining walls, gabion structures and drains all along critical length of the roads need to be taken up. The locations of the retaining structures should be jointly decided among the contractor, SC and the HPRIDC representative at site. Apart from construction of drainage and retaining structures, the contractor needs to focus more on quality aspects also. The compaction of the WMM needs to be better. The SC will need to ensure better quality of DBM and SDBC layers as well as improve the quality and workmanship of the concrete structures and walls. There is an immediate need for the contractor to increase the number of tippers/trucks, excavators, rock breakers etc. to enable it to clear the sites on time and construct the retaining structures. Contractor needs to ensure proper sourcing of material for construction of gabion walls by using stones from the site itself. SC needs to ensure proper quality of wires to be used as well as the hardness and weight of stones to be put in the wire mesh. On the whole, there has to be a lot of improvement in quality and quantity on the part of the contractor as well as the supervision team to ensure timely completion as per the current EOT proposed up to June 2012.

Contract Package 5: Theog-Kotkhair-Rohru Road; Contractor: Longjian Road and Bridge Limited Company: This is a 81 km road section for 2-laning where the progress of works is about only 18% after

3 years 2 months of contract elapse as against a target of 33% (revised programme R-3 i.e. about 6 months lag). The contract commenced in June 2008 and had duration of 36 months. The Engineer has now recommended an EOT up to April 2012 and it was approved by HPRIDC. It has been reported by RIDC that about 98% of land has been handed over to the contractor as of date. Formation cutting and earthwork has been achieved for about 38.5 km, sub-grade for 20 km, GSB for 13.8 km, WMM for 6.8 km, and DBM for 3.9 km. The progress of culverts and bridges is also very poor with only about 80 culverts completed so far out of 327. Also the 3 bridges have been in progress for more than a year and have not risen above the substructure level. Overall, the performance of this contractor has been very dismal. As in contract package 1, here too the contractor seems to be facing cash flow problems.

It had rained very heavily for a couple of days before the site visits and hence the road was slushy and muddy. There were a few landslides along the road with debris and huge rocks lying on and along the road causing distress to traffic on this important road. The water is flowing across the existing road structure which in combination with the debris is causing hazardous situation for driving as well as for the pedestrians. There has been some work attempted in the first 21 km. Works executed in the first 13 km are of reasonably good quality. The road layers, the retaining structures, the drains and CD structures are of good quality in this stretch. However, the quality of constructions seems to have deteriorated very badly in stretches beyond the 13th km. The weep-holes are not in order and seem blocked. They could be lower down and some panels of the retaining walls do not have the weep-holes. The half width paving of DBM has not been done properly and there are defects and ravelling along the centreline of the road where water is percolating into the subsurface. At km 12.485, the gabion wall has been damaged while constructing the drain. Moreover, at many places, the different layers of the gabions are flush without adequate offset to transfer loads to the lower layers. Some places, bulging was observed in the gabions even without any landslide hits on the backfill. Construction and landslide debris have been left on the dumpsites (especially on the new bypass) in huge heaps without flattening them causing the water to flow on the unfinished road surface and damaging the structure.

There was no construction beyond the Farmer's Nest and the road was in very poor condition and it becomes virtually non-motorable after heavy rains, as mission had observed when travelling up to the 48th km in Kharapathar. The contractors would need to mobilise all the equipment and work longer hours to rectify the defects mentioned above and set up quality systems to prevent such recurring mistakes. Also, the contractor should have dedicated equipment to keep the road in motorable condition after heavy rains. The contractor has recently been paid an advance and other payments to improve its cash flow but there has been no progress in the past 2 months.

As a first step, the contractor should immediately clear the debris from the roads and dump them at appropriate sites in a spread out manner as specified in the contract and the EMP. Simultaneously, it should start doing the retaining structures and drainage structure of appropriate quality to drain off the hillside water. All remaining culverts and CD works should be constructed to ensure proper flow of water without flooding the formation. There is an immediate need to take up construction of road layers like WMM and DBM with immediate effect in the first 30-40 km of the road section. Advance planning by the contractor for a strategy to complete the second stretch of the 40 km beyond Kharapathar is to be undertaken.

The mission expressed its clear displeasure over the progress of works. The contractor needs to pump in more cash into this contract for completion as per schedule. Also, dedicated teams of skilled structural foremen need to be mobilized by the contractor to complete the structures in the contract. It was discussed and the mission advised that the contractors be given a final 2-3 months to bring things back to order or else resort to the contractual provisions. The mission advised the GoHP to pursue with the concerned authorities regarding non-performance of the contractor. Notice/letters may also be written to the highest

level in the contractors' organization both from the consultant and the MD of RIDC informing them of the poor performance and the possibility of termination if things do not improve.

The SC would also need to strengthen its supervision team for this package. Poor construction should not be allowed and re-construction ordered. The client's regional officers should also visit site more often to ensure quality, early completion of works within budget.

Contract Package 6: Procurement of works is completed and the contractor is expected to commence works in September 2011.

Contract Package 7: Ranital-Kotla Road; Contractor: Valecha – Dilip JV: The physical progress is about 42.5% after lapse of 1 year and 6 months of the contract period. The progress is satisfactory. Hindrances have been cleared and LA completed and handed over recently and the stretch is 98% encumbrance free. Bituminous concrete has been completed on about 16.5 km of the 40 km of road stretches while DBM has been completed on 19.7 km. GSB has been laid for 24.32 km and WMM on about 21.3 km. All culverts/CD structures are completed.

Key points observed during the site visits are:

- Lots of landslides have happened and the debris has to be cleared as soon as possible to make the road safer. Drains are clogged and have to be cleared at the earliest to prevent the completed blacktopping from getting spoilt.
- There are a lot of landslides due to the cutting of hill-slopes done by the contractor for widening which is resulting in loss of slope stability. Retaining walls and/or some sort of slope stabilization including gabion walls are urgently required in some of the critical stretches.
- There is scope for improving the quality of finish of concrete in structures, retaining walls and drains. In many of the places, the inner level of the concreted drains was higher than the road/shoulder level which might hinder effective functioning of the drains.
- The lines and levels of the drain bottom surface is undulating which might cause flow problem in the drains and overflowing onto the road. The weep-holes appeared to be blocked and might cause increased earth pressure if they are not able to relieve the water pressure.
- The quality of bituminous construction (i.e DBM and SDBC) is satisfactory – but there is some scope for improvement as there are some undulations and bumps on the finished surface. Probably the stop and go motion of the paver due to the discontinuous supply of bituminous materials from a distance of 40 km is creating a problem.
- Construction and slope debris was still lying on some stretches of the roads and needs immediate disposal to the earmarked sites. Precaution should be taken to ensure that the dumpsites should not be overloaded. Dumpsites should be compacted and dressed up before vegetation is planted.
- Laboratory records and specimen should be properly identified and cross-referenced to the site chainages where the material was collected. The mission during its visit observed that this was not being properly handled and needs immediate rectification.
- Some nearby houses where there were minor cracks or damages due to construction should be compensated based on the replacement cost of the building or repairing the damages as the case may be.

The mission advised the contractor, SC and the RIDC officials to have a joint meeting to discuss and decide, preferably by September 30, 2011, the locations of retaining walls and stone gabions to enable the contractor to complete the works as soon as possible. Frequent landslips are creating a problem for the contractor to complete the finishing works like BC, shoulders and the drains. The mission was informed

by the contractor that all works would be substantially completed by January-February 2012. The EOT which is recommended by the SC is up to July 2012.

Contract Package 8: Kumarhatti-Nahan Road; Contractor: Somdatt Builders Pvt. Ltd: The full stretch without encumbrances is not yet available to the contractor for construction since the forest clearance is to be yet obtained for part of the 3rd milestone and 4th milestone stretches of the contract. However the forest clearance is expected to be got very soon and the works expected to commence in full stretch after the 13000+ trees are cut. The progress reported is about 23% after nearly 2 years of contract period as against a planned achievement of 55% as per the original work plan. However, the planned progress would get reduced if the revised plan based on which EOT has been recommended comes into place. The contract commencement date is in October 2009 and original completion date was in July 2012. EOT has been requested by the contractor and recommended by SC up to April 2013 but final approval is yet to be given by RIDC.

Work has been carried out in a haphazard unplanned manner. Though the quantum of work done appears satisfactory, the quality of construction leaves a lot to be desired. The workmanship of the stone masonry works is not very good in the first 15 km. However the quality has visibly improved in the later stretches. As in all packages, the construction and the landslide debris have been disposed in huge heaps at the dumpsites causing drainage problems and traffic hazards. Access paths have been blocked by the contractor in many places as part of the construction works. Drain excavated earth has been placed on the roadside edge of the drain in a continuous heap preventing the water outfall into the drains and causing harm to the newly constructed pavement layers. The weep-holes are not functioning and have been blocked by drain structures in many places. The location of the weep holes is to be lowered to just above the drain with appropriate backfill granular material. In many places, the water is being let out of the CD structures from large heights of about 3 - 8 m. Appropriate benching and stepping should be done to break the fall of water and dissipate the energy to save the structures/slopes below. The progress of construction of box and slab culverts is very slow.

The quality of DBM laid is not up to the mark. The DBM laid in the 14 km has failed in most places due to ingress of water. The big mistake that has been done is that half the road (i.e. one lane of about 2.75m) has been constructed up to DBM level while no construction has been done in the other half. This resulted in water entering the constructed pavement layers from the sides causing immense damage and settlement to the pavement. Moreover, such a level difference in the road layers is causing very hazardous situation for traffic plying on the road since the contractor has not adopted appropriate barricading structures.

The length of the road is about 72 km and the contractor is presently tackling the first 2 milestones in the first 40 km. The formation has been done for about 32 km and GSB has been completed in 28 km, WMM in 18 km and DBM in 14 km. Out of 315 pipe culverts, only 164 have been completed and of the 116 slab/box culverts, only 2 have been completed.

Mission expressed concern about all the public problems being caused by the improper construction methodology adopted by the contractor. Proper planning has to be part of the project works. Timely construction of drains and retaining structures in appropriate places after formation cutting should be taken up after which only the road layers should be laid. Due to the low level of traffic observed, it may be prudent to construct both lanes of the road almost simultaneously within a difference of one layer only. This would result in less level differences as well as proper covering up of the lower layers by good quality DBM. The mission felt that the existing DBM laid on 14 km has failed in so many places so badly that it can at best act only as a base layer. The SC would need to look into this issue and recommend corrective measures or reconstruction as appropriate. However, the current layer of DBM cannot be overlaid with SDBC in its present condition. The mission was also very disappointed with the

performance of the SC in allowing such unplanned construction to happen and for allowing payments to be made for unsatisfactory work. The SC should carryout proper supervision and monitoring.

Contract Package 9: Draman-Sihunta Road; Contractor: NKG Infrastructure Ltd: The progress is about only 23% after 22 months of contract elapse. The contract commenced on December 1, 2009 and had duration of 18 months. The Engineer has now recommended an EOT up to May 2012. It has been reported by RIDC that 100% of land has been handed over to the contractor as of date.

Of all packages, the performance of this contractor has been the worst. On first look it seems that the contractor has done more harm to the existing facility in trying to construct the road without any positive impacts. The road and side slopes on the hillside have been cut all along the entire stretch without any protection wall or construction of other appurtenances like earthen/lined side drains. The results have been disastrous. There are landslides all along the road with debris and huge rocks lying on and along the road. The water is flowing across the existing road structure which in combination with the debris is causing hazardous situation for driving as well as for the pedestrians. In the very few places where the retaining structures have been attempted by the contractor, the structures are very poorly done and not properly anchored or founded. The mission observed very poor gabion structure which was bulging and not properly constructed. The culvers/CD structural finish has been very poor. The contractor has also dumped the landslide and construction debris at the dumping zone on valley side in large mounds. This creates a problem of water outfall and the debris being washed down the valley side causing inconvenience to habitation downhill. The weep-holes in newly constructed retaining structures were observed to be malfunctioning and not “weeping” as intended after the recent rains as per design. To sum up, it appears that the contractor’s personnel have no previous experience of hill-road construction and has not at all taken the necessary precaution before cutting the hillside for formation width.

It was noted by the mission that the Project Manager mobilized by the contractor has no prior experience on road construction in such situations. There was no planning engineer also. The resource and equipment mobilization of the contractor is very poor and the equipment [tippers] also seems substandard without meeting necessary safety requirements.

As a first step, the contractor should immediately clear the debris from the roads and dump them at appropriate sites in a spread out manner as specified in the contract and the EMP. Simultaneously, it should start doing the retaining structures and drainage structure of appropriate quality to drain off the hillside water. All culverts and CD works should be cleaned up and constructed to ensure proper flow of water without flooding the formation. Advance planning needs to be done for locating sites for HMP and WMM plants for the construction of the road works as per the contract requirements to enable speedy and good quality road construction.

Way forward, the SC and the HPRIDC would need to discuss and agree with the contractor a work plan and methodology to complete the remaining works. It was discussed and the mission advised that the contractors be given a final 2-3 months to bring things back to order or else resort to the contractual provisions. Notice/letters may also be written to the highest level in the contractors’ organization both from the consultant and the MD of RIDC informing them of the poor performance and the possibility of termination if things do not improve.

The SC would also need to strengthen its supervision team for this package. Poor construction should not be allowed.

Contract Package 10: Bhawarna-Lambagaon Road; Contractor: Valecha – Dilip JV: This package works commenced in March 2010 and after 18 months of contract the physical progress is about 41% as

against a planned target of about 84%. The revised completion date as per recommended EOT is September 2012.

During the site visit, the mission found debris from construction as well as landslides lying about on the roadsides causing problems to drainage along the roads in many places. In fact, the water was running along on the road surface to the nearest culvert or across the road to the valley sides. This was causing distress to the newly constructed DBM or SDBC surfaces. Moreover, the quality of construction of the concrete structures and the blacktopping need to be improved to meet aesthetic and functional standards. Some of the culverts were observed to be blocked and needed to be cleaned to allow flow of water. It was noticed that the weep holes in retaining structures were not functioning as desired even after heavy rains over the past two days. The following could be the reasons for such malfunctioning of the weep-holes – (i) blockage of the holes; (ii) improper backfilling by clayey or other non-filter material; (iii) the placement of the weep-holes was observed to be at a height while it would be most appropriate to have them located somewhere near the bottom of the walls. Such malfunctioning does not allow the pore water pressure to be released and causes more earth pressure which might create failure of the structures.

In a couple of places the newly constructed road surface had failed and settled considerably with longitudinal cracks. This needs to be examined by the contractor and SC jointly and rectified as soon as possible. Also appropriate precautionary design measures need to be taken to avoid such nascent failure of the bituminous surfaces. The contractor needs to rectify all the deficiencies pointed out above with the approval of the SC and complete the project within the specified time to quality and cost. The contractor feels that it would be able to substantially complete the works by Feb-March 2012 if rains stop by the end of this month which is well within the time recommended by SC for EOT.

Supervision Consultant Contract (Louis Berger Group): The Bank team also felt that the Supervision Consultant's field team has been functioning in a very slack manner and some of the critical problems noticed at site could have been avoided by timely actions, warnings, inspections and penalties by the Resident Engineer and team. The Team Leader's active participation in site visits and verbal advises is appreciated but these need to be followed up by written communication to the contractors and follow-up by the REs and their teams.

The SC's team needs to be strengthened in the headquarters in Shimla. A senior level person to support the TL on day to day activities of contract management, reviewing letters and communications etc. need to be mobilized. There is an urgent need to strengthen the environmental team of the SC to cover the entire duration of the works contracts and a bit after. During the mission, it was discussed by the SC that a revised EOT and variation for extended services along with some strengthening of the SC team has been proposed and is under discussion with the RIDC. The SC also mentioned about some pending payments from the RIDC towards services rendered during the DPR stage and the first 5 months of the contract.

Some of the key issues mentioned by the SC team are

- That the last payment for the DPR contract executed by the same company [LBG] has not yet been made and there were some payments to be made for design works.
- On the request of RIDC the SC mobilized in January 2008 but the contract is being paid for only from June 2008. The first 5 months of the SC services which were rendered on the request of RIDC has not been paid for because the bank guarantee for mobilization has been submitted only in June 2008 by the LBG.
- Extension of time of the services being requested by RIDC to provide services till end of the Defects Liability Period pertaining to the Works contracts has been worked out by the SC. The present contract ends in June 2012 (including DLP). The mission advised that after working out and agreeing

the details of cost implications these may be presented in three stages i.e (i) up to April 2013 (when the works are expected to end as per the current Works programme; (ii) up to June 2013 (when the Bank loan term ends); and (iii) up to April 2014 (when the DLP ends).

- The SC also mentioned that they were being charged the cost of some items of works quoting improper design of the works.

The mission advised that these issues be discussed in detail with the Project Director and then amicably resolved. If the SC had been requested to provide certain services from a certain date they should be paid for the same. All legitimate pending payments of the consultant even if of the DPR stage needs to be paid without delays.

Annex 7

Detailed Mission Comments on Maintenance Works

The following contracts of Tranche 2 are progressing very slowly:

HP-MDR-43-119 – Civil works not completed
HP-SH-39-111 - Bio-engineering works not completed
HP-MDR-31-118 – Bio-engineering works not completed
HP-SH-9-214 – Civil works and bituminous works not completed
HP-MDR-10-217 – Civil and Bio-engineering works not completed
HP-SH-22-312 - Civil works not completed
HP-MDR-46-318 - Civil and Bio-engineering works not completed

In the following contracts of Tranche 2, financial progress is not commensurate with the physical progress

HP-MDR-23-112
HP-MDR-23-113
HP-MDR-25-116
HP-MDR-43-119

Annex 8

Detailed Discussions on Social Issues and Agreed Actions

1. **The Impact:** Out of total 2053 affected households, 1342 are titleholders and rest is non titleholders. The project is also affecting 162 common property resources of which 120 have been relocated so far. Since the last mission, additional 60 CPRs have been relocated. The table below provides the detail of package wise impact:

Packages	Number of affected Households					CPRs	
	Titleholders	Encroachers	Squatters	Tenants	Kiosk	Total	Shifted
	Land and structures	Structures only	Structures only	Structures only	Structures only		
I	255	6	0	174	34	4	3
II	431	6	3	140	11	17	16
III	385	35	0	29	-	29	24
IV	20	4	0	7	-	6	5
V	25	6	1	23	-	25	23
VI	61	126	3	44	-	28	0
VII	79	20	0	15	--	12	8
VIII	1	0	0	0	--	0	0
IX	0	4	0	1	4	6	6
X	85	6	0	9	-	35	35
Total	1342	213	7	442	49	162	120
% of total	60.6	9.6	0.3	20	2.2		74.07

2. **Land and Structure Acquisition:** In phase I, the project requires a total of 113.51 ha of land for the purpose of road widening and strengthening of phase I roads of which 47.19 ha is private land spread across 217 villages. The entire land has been acquired and compensation has been disbursed. However, there are some left out Khasras where the compensation amount is yet to be disbursed.

3. In phase II, project requires 45.5706 ha of land of which 13.6069 ha is private land to be acquired from 129 villages. Out of total 129 villages, process has been completed for 89 villages. The balance villages are from package 6 where process has just been initiated. The LA process will be completed by December 31, 2011. Baring package 6, the achievement is about 97%. The table below provides the details of land acquisition for phase I and II roads:

Package	Total Number of villages	Negotiation Completed (# of Villages)	Award Announced (# of villages)	Disbursement Made (# of villages)
Phase I				
I	35	35	35	35
II	54	54	54	54
III	59	59	59	59
IV	11	11	11	11
V	58	58	58	58
Total	217	217	217	217
% to total	100	100	100	100

Package	Total Number of villages	Negotiation Completed (# of Villages)	Award Announced (# of villages)	Disbursement Made (# of villages)
Phase II				
6	40	3	3	3
7	30	30	30	30
8	22	19	19	19
9	7	7	7	7
10	30	30	30	30
Total	129	89	89	89
% to total	100	69	69	69

4. **Structure Compensation:** Though substantial progress has been made in disbursement of compensation for structures, the process still remains quite slow. RIDC has so far identified 2053 residential and commercial structures within the Corridor of Impact out of which 1126 have been relocated. Since the last mission, 30% additional structures have been removed.

Package	Total Number of structures	Number of structures removed	Number of structures for which compensation has been paid
I	469	305	436
II	591	397	501
III	449	175	449
IV	31	26	30
V	55	32	55
VI	234	0	218
VII	114	86	114
VIII	1	1	
IX	9	9	9
X	100	96	
Total	2053	1126	1821
% of total		55	

5. **Disbursement of R&R assistance:** Like structure compensation, the disbursement of R&R assistance is also quite slow. So far INR 34 million has been disbursed which is approximately 54 percent of the total amount.

Package	Name of the Road	Amount Approved by DLC	Amount Disbursed	Balance
1	Mehatpur- Una-Amb	14907351.00	9215561.00	5691790.00
2	Una –Barsar	17501153.00	9249188.00	8251965.00
3	Barsar-Jahu	16863965.00	4565040.00	12298925.00
4	Jahu-Kalkhar	6008144.00	5666944.00	341200.00
5	Theog-Rohru	7741915.00	4871429.00	2870486.00
6	Sarkaghat- Ghumarwin	-	-	-
7	Ranital-Kotla	-	-	-
8	Kumarhatti- Nahan	196806.00 ²	-	-
9	Draman-Sihunta	369200	284200	85000 ³
10	Bhawarna-Jaisinghpur	-	-	-
Total		63588535.00	33852362.00	29736172
% to total			54	

² This money belongs to a Gurudwara (Sikh religious place) and management of Gurudwara has refused to accept the assistance as Gurudwara cannot accept assistance. It was agreed that CMU will request the Gurudwara to give their refusal in writing.

³ A structure was saved during the implementation and as a result Rs. 85000 remains undisbursed.

6. **Disbursement of assistance for CPR relocation:** The disbursement of assistance for CPR relocation is extremely slow. As against the approved amount of INR 5.9 million, so far approximately INR 3.50 million has been disbursed. The details are provided in the table below.

	Name of the Road	Amount Approved by DLC	Amount Disbursed	% disbursed
1	Mehatpur- Una-Amb	338754	100004	29.5
2	Una –Barsar	1453382	1055428	72.6
3	Barsar-Jahu	2140372	750400	35.1
4	Jahu-Kalkhar	298200		
5	Theog-Rohru	1488325	1470425	98.8
6	Sarkaghat- Ghumarwin			
7	Ranital-Kotla			
8	Kumarhatti- Nahan			
9	Draman-Sihunta	191800	106800	55.7
10	Bhawarna-Jaisinghpur			
	Total	5911333	3483057	58.9

7. **Protection work carried out to protect private and community structures; land and other resources:** HPRIDC has provided adequate protection to various individual as well as community structures; drinking water sources, and landed area beyond the right of way. At certain places access to the private and community properties have been given. This helped in creating confidence and goodwill among the community.

8. **Discussion with the RAP implementation Evaluation consultant:** The mission had a discussion with the consultants hired for the evaluation of RAP implementation. It was agreed that consultants will submit the inception report by September 15, 2011. The inception report apart from the methodology and work plan will also have results of piloted questionnaire. The draft midterm report will cover 50% of the total PAPs across the various impact categories and will be submitted by November 15, 2011. It was also agreed that since the assignment is only for three months, consultant will submit progress report instead of fortnightly reports.

Annex 9

Environmental Management and Safeguards

1. The mission held detailed discussions with officials from RIDC and CMUs, Construction Supervision Consultants (CSC) and Contractors. Site visits were made to all up-grading works under Phase I and II, except for contract 6, which has been awarded only recently. The focus of the mission was to review and ascertain the adequacy and quality of EMP implementation in the up-grading and periodic maintenance works covered under the project.

2. In addition, the mission reviewed the following aspects related to environment management: (a) status of forestry clearances required for Phase I and II up-grading works; (b) regulatory clearances/permissions linked to establishment and operation of camps, plants/equipment and borrow areas; (c) mobilization and functioning of environmental officers in the Contractor, CSC and RIDC project teams; (d) progress on pre-construction activities, including tree cutting and shifting of water sources (such as hand pumps); and (e) progress on bio-engineering works.

Implementation of Environment Management Plans

3. The over-all implementation of environment management plans/activities in the project remains 'satisfactory' despite the challenges posed by early and heavy monsoon in the state. Some of the key aspects that were considered during the rating process include: (a) a notable progress in obtaining Forest Clearances for the various up-grading works under the project; (b) debris/spoils management; (c) obtaining of required regulatory clearances/permissions for all operational construction camps, plant sites and borrow areas (as applicable); (d) reporting/documentation; and (e) over-all satisfactory compliance of the EMPs, including on aspects related to pollution monitoring.

4. While the over-all EMP compliance has been rated 'satisfactory', the performance varies across contracts. Some serious lapses were noted in case contract 9, part of Phase II upgrading works. The lack of planning and proper sequencing of works in contract 9 has led to several large landslides affecting access for traffic and pedestrian movement along the road. The mission expressed serious concern over the methodology and practices adopted by the Contractor and the disregard to follow the required norms (including non-mobilization of an Environment and Safety Officer and debris management).

5. In contracts 4, 5 and 8 too, some instances of non-compliance/lapses were noted, requiring more diligence from both the Contractors and the Construction Supervision Consultants. More so, in contract 4, immediate corrective actions are required to resolve issues pertaining to provision of protection works; restoration of temporary/permanent access to properties/settlements; repair of damaged water lines; and rehabilitation of debris disposal sites (including the one at Km 98, which needs thorough investigation to

6. Stakeholders, to ensure that the agreed EMPs remain in compliance. These actions were understand why land at the slope base is bulging/cracking).

7. In addition to the above, there are a few actions/activities which need attention from all the concerned discussed in detail during the site visits as well as during meetings at Shimla and include the following:

- a) Prepare/execute/expedite rehabilitation plans for the debris disposal sites.
- b) Provide protection works (gabions/crate walls) at the base and as to create terraces/benches (if needed, on a case to case basis based on the slope height and character) at debris disposal location in line with contractual provisions. CSC/PIU need to ensure that such actions are taken in a timely manner and definitely prior to issuing 'substantial completion certificates'.

- c) Expedite the plantation works to protect slopes (embankments, debris disposal areas etc.) and minimize soil erosion.
- d) Expedite clearance and proper disposal of debris, including slips, scarified bitumen and excess construction materials from the road side.
- e) Ensure clearance of waterways (drains, culverts and near bridge construction sites).
- f) Strengthen enforcement of worksite safety management measures (including provision of standard signage and delineation at work fronts on/along the road in line with IRC SP:55 provisions).
- g) Increase/rationalize staffing requirements for environment management and bio-engineering functions in the Construction Supervision Consultancy set-up (an action outstanding for a long time now).

These actions/activities have to be closely monitored by RIDC and CSC and completed as per the agreed schedule.

Forestry Clearances and Tree Cutting

The required clearances for diversion of forest land and cutting of trees on 'forest' and 'other than forest land' have been obtained for all Phase I up-grading contracts. This has been possible due to rigorous and regular follow-up by HPRIDC, CMUs and the senior management of PWD/GoHP. For Phase II up-grading works, formal (final) approval from has been obtained for all but one forestry case. This pending case, pertaining to contract 8 involves the third and the last milestone of the said package. The Contract package-wise status on Forestry Clearances for Phase I and II has been presented in **Annex 14**.

The progress with regard to felling of trees for road construction has been expedited since the last mission. In the five roads under Phase I and another five contracts under Phase II of the project, almost all the trees have been cut. In some contracts like 7 and 9, a few trees (660 in number) initially proposed for cutting have been saved. Permission for felling of trees on private land is being undertaken only after acquisition of such land. A complete contract-package-wise update category-wise tree cutting update is available in **Annex 14**.

Institutional Arrangements for Environment Management

The deployment of full time Environment Officers (EOs) within the CSC's team is an issue that has been pending for a long time and needs to be addressed urgently. One Environment Officer, providing intermittent inputs as per the contract is available and is providing the required over-sight in the field. However, this arrangement is not sufficient as several work fronts have opened-up under Phase I and II upgrading component of the project. As mentioned and agreed during previous missions, there is a need to resolve this issue at the earliest to enable regular supervision, monitoring and reporting on the implementation of EMPs on the ten on-going upgrading. Likewise, the need to rationalize and increase the inputs of the Bio-engineering Specialist has been reiterated by the mission time and again but firm action on this count is still pending. The mission was assured that this time round the issue will be resolved and the required actions will be taken by HPRIDC.

Annex 10

Financial Management

Budget and Disbursements: GoHP had made a provision of Rs. 196.60 crores for the project in its Budget for FY 11-12; Rs. 155.60 crores for upgradation and Rs. 41 crores for the maintenance component.

The cumulative expenditure till March 2011 was Rs 481.24 crores and the expenditure for FY 2010-11 was Rs 212.71 crores. The expenditure for FY 2011-12 till August 2011 is already Rs 103.23 crores. In view of current trend of progress in work, it is expected that the current year expenditure will exceed the budgetary provision of Rs 196.60 crores and therefore a revised budget estimate might be required to be submitted by the project. The GoHP has provided an assurance that an additional Rs 80 crores would be provided as extra budgetary resources, keeping in view the progress of the project. Expenditure by component is as follows:

Components	Amount in Rs Crores	
	Expenditure FY 2011-12	Cumulative expenditure till March, 2011
Core Network Improvement	83.15	242.50
Core Network Maintenance and Management	8.58	108.55
Land Acquisition	11.50	130.19
Total	103.23	481.23

Disbursement from the World Bank as on September 3, 2011 is USD 96.24 million which represents 43.75% of the loan of USD 220 million. This includes disbursement relating to the June 2011 FMR and an outstanding advance of USD 28.05 million. Disbursement figures continue to show a very positive trend; disbursements in January, 2011 (previous mission) were USD 47.77 million which represented 21.71% of the loan, thus disbursement has increased by USD 48.47 million.

Accounting Maintenance Works

On accounting, the internal auditors recommended that the project is to maintain contractor sub-ledger in Tally. The project accepted the recommendation of the auditors and has accordingly passed the appropriate accounting entries in the books of accounts i.e. now the maintenance head is debited and the sub ledgers are credited. Payment processing as per the existing systems is considered satisfactory as of now.

Staffing and Accounting: With the significant progress in the contract works, it was again emphasized to complete the hiring process of the much delayed additional staff. The interviews for the post of 3 accountants were held but no satisfactory results have come out of the interview process. This includes two new positions and one replacement. The process of hiring needs to be closed at the earliest to ensure that the staffing is adequate keeping in mind the fully centralized system of payment processing and the fact that project activities are near peak levels. *(The current staff strength in the accounting function stands at 5 Finance Officers)*

The finance unit will have three additional accountants by March 2012.

Financial Management Manual (FMM): In the previous mission, it was informed that an Office Committee consisting of Chief Engineer cum Project Director, Engineer-in-Chief and General Manager (FM), will recommend all changes in the Operation Manual (OM) ,including FM, to the board. This

action has remained incomplete. The changes required to be made in the FMM (relating to land acquisition, resettlement and rehabilitation payments, IUFRR formats) have been suggested to the Office Committee but the changes other than the FM changes are yet to be finalized. The FM changes have been practically put to use but the documentation needs to be updated. It has now been agreed that this will be completed by March 2012.

Revised FM Manual sent to the Bank latest by end November 2011.

Internal Audit: M/S Agarwal A.Kumar & Associates, a Chartered Accountant firm based out of Chandigarh, was appointed on May 2011 as internal auditors to conduct the internal audit for FY 2010-11. The final audit report is yet to be submitted by the auditors. It was discussed with the project that the process of internal audit has been significantly delayed and the audit report if not received timely then any recommendations and corrective measures will be delayed further and hence, it will fail to act as a tool for the management decision making. It was agreed that the review of the internal audit report along with the action taken report i.e. discussion in the board meeting will be completed by November 2011.

The contract for the current internal auditors was only to cover the audit of FY 2010-11. Therefore, now the auditors for the next year needs to be hired at the earliest. This firm is expected to be hired by October 31st, 2011.

Finalize internal audit report for FY 2010-11 by November 2011 and appoint internal auditor for FY 2011-12 by October 31, 2011

R & R Payments: During the mission a visit was made to Hamirpur district, which is the Contract Management Unit (CMU) of the project and it was noted that funds of Rs 41.67 lacs transferred from the Head Office to CMU based on the micro plans are lying unutilized at the CMU. The CMU has yet not made further payments to Project Affected Party (PAP). As a temporary arrangement, a Fixed Deposit was made of Rs 40 lacs. It was advised that payments should be made to PAP at the earliest and funds should be used for the intended purpose only. Further, if the payments are being held back because of non acquisition of land, then there should be better coordination at the CMU level between land acquisition authorities and NGOs i.e. the R&R authorities.

External Audit: The draft financial statements have been approved by the board by circulation. The statutory auditors have completed the audit of FY 2010-11 and submitted the report to the project on August 23, 2011. As per Section 619 (4) of the Companies Act, 1956, the audited accounts are being reviewed by CAG and the accounts together with any such comments upon from the CAG will be placed before the annual general meeting of the company to be held before September 30, 2011. The audit report needs to be submitted to the bank latest by September 30, 2011. The audit report for FY 2009-10 was submitted to the Bank in time i.e. by September 29, 2010.

Others

- The project is in compliance with the disclosure requirement agreed earlier and has disclosed on its website: (a) quarterly Interim Unaudited Financial Reports (IUFRRs), and (b) Annual Audited Financial Statements.
- TALLY accounting software is operational at the head office and functioning smoothly. Since the accounting is centralized at the Head Office, TALLY has not been rolled out at the CMUs. The quarterly IUFRRs are prepared on the basis of the reports generated from this software.

Annex 11

Status of Upgrading Works

Phase-I- Total Packages = 5 Nos.			Total length= 231.69 km	
Contract Package No.	Length (km)	Contract amount Rs. Crore	Date of commencement/ Intended Completion Date	Present Status ending August, 2011
1	2	3	4	5
Package-1 (ICB) Mehatpur-Una-Amb Road km 5.600 to km 50.423.	44.82	126.50	08-05-2008 / 07-11-2010 [EoT up to 7 Feb 2012 approved by HPRIDC. EoT up to 31 Mar 2013 being reviewed by HPRIDC]	Earthwork achieved = 43.7 km
				Sub Grade achieved = 40.3 km
				GSB = 40 km; WMM = 39 km; DBM = 27.6 km
				Pipe Culverts = 2 completed. Box Culverts = 3 of 18 completed, Slab Culverts = 58 completed and 3 in progress of 82
				Minor Bridge = 1 in progress [total 3]
				Major Bridge = 6 in progress, 1 retained [total 10]
Package -2 (ICB) Una - Barsar km 0.000 to km 45.000	45.00	97.95	14-05-2008 / 13-11-2010 [EoT up to 9 Oct 2011 approved by HPRIDC. EoT up to 9 July 2012 being reviewed by HPRIDC]	Earthwork achieved = 43.1 km
				Sub Grade achieved = 41.2 km
				GSB = 39.5 km; WMM = 39.4 km; DBM = 39 km
				Slab Culvert = 23 completed, 3 in progress, 71 retained/rehabilitated [total 99]
				Box Culvert = 22 completed; 3 in progress [total 34]
				Pipe Culvert = 20 completed; 4 in progress [total 26]
				Major Bridge = 1 in progress [total 1]
Minor Bridge= 7 completed; 3 in progress [total 11]				

Contract Package No.	Length (km)	Contract amount Rs. Crore	Date of commencement/ Intended Completion Date	Present Status ending August, 2011
Package-3 (ICB) Barsar - Jahu km 45.00 to km 90.800	45.80	102.82	14-05-2008 / 13-02-2011[EoT up to 17 Sep 2011 approved by HPRIDC. EoT up to 19 Sep 2012 being reviewed by HPRIDC]	Earthwork achieved = 38.5 km
				Sub Grade achieved = 36.75 km
				GSB = 36.5 km; WMM = 36.2 km; DBM = 35.8 km; BC = 20.16 km
				Pipe Culvert = 7 completed, 1 in progress [total 21]
				Slab Culvert = 32 completed, 6 rehabilitated, 8 retained, 1 in progress [total 77]
				Box Culvert = 2 completed, 2 in progress [total 10]
				Major Bridge = 3 in progress [total 4] Minor Bridge = 1 in progress [total 2]
Package-4 (NCB) Jahu –Kalkhar km 93.440 to km 108.830	15.39	33.50	10-08-2008 / 09-02-2010 [EoT up to 12 June 2011 approved by HPRIDC. EoT up to 12 June 2012 being reviewed by HPRIDC]	Earthwork achieved = 14.5 km
				Sub Grade achieved = 11.9 km; GSB = 11.14 km; WMM = 8 km; DBM = 5.4 km
				Pipe Culvert = 37 completed; 2 in progress [total 46]
				Slab Culvert = 10 completed; 2 in progress [total 13]
Package-5 (ICB) Theog- Kotkhai- Rohru km 0.000 to km 80.680	80.68	228.25	05-06-2008 / 04-06-2011 [EoT up to 14 April 2012 approved by HPRIDC]	Earthwork achieved = 38.5 km; Sub Grade achieved = 19.9 km; GSB = 13.8 km; WMM = 6.8 km; DBM = 3.9 km
				Pipe culvert = 50 completed, 0 in progress [total 175]
				Slab culvert = 8 completed [total 27]
				Box Culvert = 22 completed, 1 in progress [total 125] Minor Bridge= 3 in progress [total 14]
TOTAL	231.69			

Phase-II- Total Packages = 5 Nos. Total length= 203 km				
Package No.	Length (km)	Contract Amount (Rs. Crore)	Date of commencement/ Intended Completion Date	Present Status
1	2	3	4	5
Package – 6 (ICB) Sarkaghat - Ghumarwin km 61.420 to km 103.370.	41.95	93.86	-	Contract would commence in September 2011
Package –7 (ICB) Ranital-Kotla km 0.00 to km 39.17	39.17	62.25	8 March 2010 / 7 Sep 2011 [EoT up to 15 July 2012 being reviewed by HPRIDC]	Earthwork achieved = 30 km; Sub grade = 25.3 km; GSB = 24.3; WMM = 21.3 km; DBM = 19.7 km; BC = 16.4 km Pipe culvert = 65 completed [total 65] Box culvert = 11 completed [total 11] Slab culvert = 78 completed, 1 retained/rehabilitated [total 79]
Package –8 (ICB) Kumarhatti-Sarahan-Nahan km 0.300 to km 72.035	71.74	142.22	26 Oct 2009 / 25 July 2012[EoT up to 29 April 2013 being reviewed by HPRIDC]	Earthwork = 18.4 km, Sub grade = 15.1 km, GSB = 14.1 km; WMM = 8 km; DBM = 6 km Pipe culvert = 164 completed, 19 in progress [total 315] Box culvert = 2 completed, 2 in progress [total 41] Slab Culvert = 3 in progress [total 75]
Package –9 (NCB) Draman-Sihunta km 0.00 to km 24.00	24.00	43.02	1 Dec 2009 / 31 May 2011 [EoT up to 31 May 2012 being reviewed by HPRIDC]	Earthwork = 16.8 km, sub grade = 4.9 km, GSB = 2.27 km; WMM = 1.73 km Pipe culvert = 18 completed, 14 in progress [total 74] Slab Culvert = 17 in progress [total 35] Box Culvert = 0 in progress [total 2]
Package –10 (ICB) Bhawarna-Lambagaon km 0.00 to km 26.280	26.28	56.07	8 March 2010 / 7 Dec 2011[EoT up to 17 Sep 2012 being reviewed by HPRIDC]	Earthwork = 21.2 km, sub grade = 19.3 km, GSB = 16.9 km, WMM = 15.6 km, DBM = 15.3 km, BC = 11.6 km Pipe culvert = 46 completed, 2 in progress [total 48] Slab culvert = 10 completed, 12 in progress [total 26] Box culvert = 2 completed [total 2]; Slab culvert = all 26 completed, Minor bridge = 1 completed, 1 in progress [total 2]
TOTAL	203.14	397.42		

Annex 12

Status of Maintenance Works (Tranches I, II and III)

Periodic Maintenance Works						
No. of Packages	Total length (in km)	Total Contract value in INR Million	Status of DPR	Procurement Status	Status of Work	Remarks
1	2	3	4	5	6	7
Tranche-I						
25 Nos. (3 No. IFBs)	532	40.8	Completed	All works awarded	All works have been completed. Total scope of 511.00 km of PMC has been completed	Total expenditure to date is Rs. 37.4 Crore.
Tranche-II						
27 Nos. (3 No. IFBs) Mandi Zone 8 Hamirpur Zone 3 Simla Zone 6 Kangra Zone 10 <hr/> Total 27 No. Packages	517.32	740	Completed	All works awarded except one which was held up due to Court Case. Procurement is in progress for this package.	Works are nearing completion. Out of total 481.08 km provision of Pre-Mix Carpet, 454.11 km has been completed	Total expenditure to date is Rs. 65.44 Crore.
Tranche-III						
20 Nos. Mandi Zone 7 Hamirpur Zone 1 Simla Zone 5 Kangra Zone 7	413.88	43.1	DPRs completed except for one road	Mostly (15) done. 4 in progress	Out of total 410.8 km provision of Pre-Mix Carpet, 166 km has been completed	Total expenditure to date is Rs. 18.9 Crore.

Annex 13

Status of Consultancy Services

Name of Consultancy Services	Status
1. Construction Supervision for upgrading works	Construction Supervision Consultant is rendering the services.
2. ISO 9001: 2000 Quality Assurance System (QMS) and ISO 14001:2004 Environmental Management System (EMS) Implementation	Consultant is in position and rendering services .The certificates were issued in Sep 2010.
3. Consultancy Services for Tunnels in Shimla and other parts of State.	Detailed Project Report (DPR) completed. Bid documents submitted by the consultant.
4. Proof Review of Design of Tunnels in Shimla & other parts of the State under Himachal Pradesh State Roads Project.	Final Report submitted by the consultant.
5. Road Sector Finance Study	The Study is completed. The recommendations of the Study to set-up a 'Road Fund' is under active consideration of the Government.
6. Road User Satisfaction Survey	The Road User Satisfaction Survey at baseline has been completed. The consultancy for carrying out RUSS at mid term is in progress.
7. Force account Productivity Study	This study is completed and recommendations are under consideration of the HP Government.
8. Periodic survey for traffic and road asset monitoring on the core-road network.	Procurement of consultant is to start afresh.
9. Consultancy Services for Detailed Design of (Phase-I & II) upgrading works	Consultant has submitted Detailed Project Report (DPR) and Bid Documents including EIA/EMP and RAP for all Packages.
10. Consultancy Services for Implementation of RAP by NGO	New NGO CRADLE engaged on dated July 17, 2009 for completion of remaining part of Services. Services are in progress.
11. Consultancy Services for ICT	Not to be procured under HPSRP. This service is being procured by HPPWD through NIC, Simla.
12. Independent Environment Review Consultancy Service	Consultant (Director, DCE Pvt. Ltd., Delhi) has completed services as per deliverables of the design consultant.
13. Consultancy Services for Technical Examination of First two tranches of periodic maintenance works	The Services have been completed and presently the works are being supervised by the department.
14. Consultancy Services for a Study to Short-List/Prioritize 20 Number Blackspots and Design Countermeasures on the Core Road Network under Black Spot Improvement Program (BIP) of HPSRP	The consultants have submitted all the reports. These are being reviewed by HPRIDC.
15. Consultancy services for external evaluation of resettlement and rehabilitation	Consultancy services are in progress.

Annex 14 - Appendix A

Forest Land Diversion/Trees Status in upgrading roads under Phase-I of the State Roads Project

Status of Forestry Clearances – Phase I

Contract Package	Name of the Road	Chainage (Forest Case)	Area to be diverted (in ha.)	In-principle Approval	Amount Deposited	Formal Approval
1	Mehatpur-Una-Amb (Km 5.600 to 50.426)	Km 5.600 to 31.300	11.31	Obtained	Yes	Obtained
		Km 5.600 to 31.300 (additional requirement)	0.5020	Obtained	Yes	Obtained
		Km 31.300 to 50.300	3.80	Obtained	Yes	Obtained
		Km 31.300 to 50.300 (additional requirement)	0.1420	Obtained	Yes	Obtained
	Sub-total	-	15.754	Obtained	Yes	Obtained
2	Una-Barsar (Km 0 to 45)	Km 0 to 4	2.0	Obtained	Yes	Obtained
		Km 4 to 45	10.0885	Obtained	Yes	Obtained
		Km 4 to 45 (additional requirement)	0.5800	Obtained	Yes	Obtained
	Sub-total	-	12.6685	Obtained	Yes	Obtained

Contract Package	Name of the Road	Chainage (Forest Case)	Area to be diverted (in ha.)	In-principle Approval	Amount Deposited	Formal Approval
3	Barsar-Jahu (Km 45 to 90.800)	Km 60 to 65	2.88	Obtained	Yes	Obtained
4	Jahu-Kalkhar (Km 93.440 to 108.830)	Forest Area in 5 kms length	1.79	Obtained	Yes	Obtained
5	Theog-Kotkhai-Rohru (Km 0 to 80.600)	Km 10.470 to 29	0.4930	Obtained	Yes	Obtained
		Km 29 to 51	13.52	Obtained	Yes	Obtained
		Km 29 to 51 (additional requirement)	7.11	Obtained	Yes	Obtained
		Km 55.500 to 56.700	1.9316	Obtained	Yes	Obtained
	Sub-total	-	23.0546			

Status of Forestry Clearances – Phase II Works

Contract Package	Name of the Road	Chainage (Forest Case)	Area to be diverted (in ha.)	In-principle Approval	Amount Deposited	Formal Approval	Remarks
6	Sarkaghat-Ghumarwin (Km 61.420 to 103.370)	No forest area to be diverted. No approval under FCA required.					
7	Ranital-Kotla (Km 0 to 39.173)	Km 6 to 14 and Km 24 to 39.173	1.7146	Obtained	Yes	Obtained	
		Km 0 to 6 and Km 14 to 24	17.4769	Obtained	Yes	Obtained	
8	Kumarhatti-Nahan (Km 0.300 to 72.035)	Km 0.500 to 14.310	15.91	Obtained	Yes	Obtained	
		Km 14.310 to 43.150	15.61	Obtained	Yes	Obtained	
		Km 43.150 to 72.035	18.129	Obtained	Yes	To be Obtained	

Contract Package	Name of the Road	Chainage (Forest Case)	Area to be diverted (in ha.)	In-principle Approval	Amount Deposited	Formal Approval	Remarks
9	Draman-Sihunta (Km 0 to 24)	Km 0 to 14	1.212	Obtained	Yes	Obtained	
		Km 14 to 24	12.8473	Obtained	Yes	Obtained	
10	Bhawarna-Lambagaon (Km 0 to 26.280)	Km 3 to 12	1.0	Obtained	Yes	Obtained	
		Km 0 to 3 & Km 19 to 26.28	2.0956	Obtained	Yes	Obtained	
		Km 12 to 19	9.0	Obtained	Yes	Obtained	

Tree Cutting Status (as on August 31, 2011)

Contract Package	Name of the Road	Trees to be Cut				Trees Cut				Balance Trees to be Cut				
		Forest Land	RoW	Private Land	Total	Forest Land	RoW	Private Land	Total	Forest Land	RoW	Private Land	Total	
		No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	%
Phase I														
1	Mehatpur-Una-Amb	3314	0	457	3771	3314	0	457	3771	0	0	0	0	0
2	Una-Barsar	2301	0	518	2819	2301	0	518	2819	0	0	0	0	0
3	Barsar-Jahu	416	1110	169	1695	416	1110	169	1695	0	0	0	0	0
4	Jahu-Kalkhar	70	512	0	582	70	512	0	582	0	0	0	0	0
5	Theog-Kotkhai-Rohru	3837	3848	0	7685	3822	3840	0	7662	15	8	0	23	0.3
TOTAL		9938	5470	1144	16552	9923	5462	1144	16529	15	8	0	23	0.003
Phase II														
6	Sarkaghat-Ghumarwin	0	811	29	840	0	524	0	524	0	287	29	316	37.62
7	Ranital-Kotla	7694	551	405	8650	7446	551	405	8402	248*	118	0	0	0
8	Kumarhatti-Nahan	30659	0	0	30659	17055	0	0	17055	13604	0	0	13604	44.37
9	Draman-Sihunta	3915	763	0	4678	3503	763	0	4266	412*	28	0	0	0
10	Bhawarna-Lambagaon	2152	964	572	3688	1983	964	377	3324	169*	345	195	195	9.87
TOTAL		44420	3089	1006	48515	29987	2802	782	33571	13604	287	224	14115	29

* Trees Saved – Cutting Not Required;

Annex 14 - Appendix-B

Utilities in respect of upgrading roads under Phase-I of HP State Roads Project

S. no.	Contract Package	Mile Stone	Handing over Date	Status			
				IPH		HPSEB	
				Hand Pumps	Pipe Lines	Poles,HT/LT Lines	Transformer s/ Substation
1	Package No- ICB-1 (Una-Amb from Kms 5+600 to Km 50+426)	1-(Km 41+300 to Km 50+426)	May 08,2008	√	√	√	√
		2- (Km 6+600 to Km 11+080) & (Km 33+200 to Km 41+300)	August 07,2008	√	√	Total = 142 Nos. Shifted= 140 Nos. Balance= 2 Nos.	-
		3-(Km 5+600 to Km 6+600) & (Km 11+080 to Km 33+200)	February 07,2009	√	Total = 18145 m Shifted= 17945 m Balance= 200 m	Total = 479 Nos. Shifted= 469 Nos. Balance= 10 Nos.	-
2	Package No- ICB-2 (Una-Barsar from Kms 0+000 to Km 45+000)	1- (Km 2+000 to Km 11+000)	May 14,2008	√	√	√	√
		2- (Km 25+000 to Km 35+000)	November 13,2008	√	√	√	-
		3- (Km 0+000 to Km 2+000 & Km 11+000 to Km 25+000)	February 13,2009	Total = 9 Nos. Shifted=8 Nos. Balance= 1 No.	Total = 3190 m Shifted= 3040 m Balance= 150 m	√	-
		4- (Km 35+000 to Km 45+000)	May 13,2009	√	√	√	-

3	Package No- ICB-3 (Barsar- Jahu from Kms 45+000 to Km 90+800)	1- (Km 51+000 to Km 65+000)	May 14, 2008	√	√	√	√
		2- (Km45+000 to Km51+000 & Km65+000 to Km 67+250	November 13, 2008	√	√	Total=61 Nos. Shifted=59Nos. Balance=2 Nos.	_____
		3- (Km 67+250 to 73+000 & Km 79+000 to Km 88+000)	February 13, 2009	√	√	√	_____
		4- (Km73+00 to 79+000 & Km 88+000 to Km 90+800)	May 13, 2009	√	√	√	√
4	Package No- NCB-4 (Jahu- Kalkhar from Kms 93+440 to Km 108+830)	1- (Km 96+200 to Km 101+800	August 10, 2008	√	√	√	√
		2- (Km 93+440 to Km 96+200 & Km 101+800 to Km 108+830)	November 09, 2008	√	√	√	-
5	Package No- ICB-5 (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	June 05, 2008	√	Total=1570 m. Shifted= 1160 m Balance= 410 m	Total=40 Nos. Shifted=37 Nos. Balance=3 Nos.	Total=1 Shifted=Nil Balance=1
		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	√	Total=2475 m. Shifted=2305 m Balance=170 m	Total=35 Nos. Shifted=35 Nos. Balance=Nil	Total=4 Nos. Shifted=Nil Balance=4
		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	√	Total=1620 m. Shifted=1080 m Balance=540 m	Total=16 Nos. Shifted=12 Nos. Balance=4 Nos.	Total=1 Shifted=Nil Balance=1
		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	√	Total=4965 m. Shifted=3005 m Balance=1960 m	Total=54 Nos. Shifted=44 Nos. Balance=10 Nos.	_____

Utilities in respect of Upgrading roads under Phase-II of HP State Roads Project

S.N	Contract Package	Mile Stone	Handing over Date	Status			
				IPH		HPSEB	
				Hand Pumps	Pipe Lines	Poles,HT/LT Lines	Transformers/ Substation
6	ICB-6: Widening & Strengthening of Sarkaghat-Ghumarwin road Km 61.420 to Km 103.370. Length= 41.950 (Km)	1- (Km 91+000 to Km 103+370)		Total = 4 Nos. Shifted= Nil Balance= 4 Nos.	Total = 11548 m Shifted= 6066 m Balance=5482 m	Total = 23 Nos. Shifted= 18 Nos. Balance= 5 Nos.	_____
		2- (Km 76+000 to Km 85+000)		Total = 8 Nos. Shifted= Nil Balance= 8 Nos.	Total = 15862 m Shifted= 0 m Balance=15862 m	Total = 43 Nos. Shifted= 0 Nos. Balance= 43Nos.	_____
		3- (Km 70+000 to Km 76+000 & Km 85+000 to Km 91+000)		Total = 9 Nos. Shifted= Nil Balance= 9 Nos.	Total = 10624 m Shifted= 0 m Balance=10624 m	Total = 53 Nos. Shifted= 0 Nos. Balance= 53 Nos.	_____
		4- (Km 61+420 to Km 70+000)		Total = 8 Nos. Shifted= Nil Balance= 8 Nos.	Total = 5481 m Shifted= 0 m Balance= 5481 m	Total = 57 Nos. Shifted= 0 Nos. Balance= 57 Nos.	_____
7	ICB-7: Widening & Strengthening of Ranital-Kotla road Km 0.00 to km 39.173 Length= 39.173 (Km)	1- (Km 6+000 to Km 14+000 & Km 24+000 to Km 39+173)	March 08, 2010.	√	√	√	√
		2- (Km 0+000 to Km 6+000 & Km 14+000 to Km 24+000)	July 07, 2010.	Total = 9 Nos. Shifted= 8 Balance= 1	Total = 4940 m Shifted= 4650 m Balance= 250 m	√	_____

S.N	Contract Package	Mile Stone	Handing over Date	Status			
				IPH		HPSEB	
				Hand Pumps	Pipe Lines	Poles,HT/LT Lines	Transformers/ Substation
8	ICB-8: Widening & Strengthening of Kumarhatti-Sarahan-Nahan road Km 0.300 to Km 72.035 Length= 71.735(Km)	1- (Km 0+300 to Km 10+800)	October 14, 2009	√	√	√	√
		2- (Km 10+800 to Km 29+340)	April 13, 2010	√	√	√	√
		3- (Km 29+340 to Km 54+340)	July 13, 2010	√	√	√	√
		4- (Km 54+340 to Km 72+040)	October 13, 2010	Total=6Nos. Shifted=Nil Balance=6 Nos.	Total=4965 m. Shifted=0 m Balance=4965 m.	Total=7 Nos. Shifted=0 Nos. Balance=7 Nos.	√
9	NCB-9: Widening & Strengthening of Draman-Sihunta road Km 0.00 to km 24.00 Length= 24.000 (Km)	1- (Km 0+000 to Km 14+000)	November 20, 2009	√	√	√	√
		2- (Km 14+000 to Km 24+000)	March 20, 2010.	√	√	√	√
10	ICB-10: Widening & Strengthening of Bhawarna-Lambagaon Road Km 0.00 to km 26.280 Length= 26.280 (Km)	1- (Km 3+000 to Km 12+000)	March 08, 2010.	√	√	√	√
		2- (Km 0+000 to Km 3+000 & Km 19+000 to Km 26+280)	September 07, 2010.	√	√	√	√
		3- (Km 12+000 to Km 19+000)	December 07, 2010.	√	√	√	√

Annex 14 - Appendix – C

Land Acquisition in respect of Upgrading roads under Phase-I of HP State Roads Project

S.N	Contract Package	Mile Stone	Handing over Date	Status
1	Package No- ICB-1 (Una-Amb from Kms 5+600 to Km 50+426)	1- (Km 41+300 to Km 50+426)	May 08,2008	Compensation disbursed in all 6 villages
		2- (Km 5+600 to Km 18+180)	August 07,2008	Compensation disbursed in all 10 villages
		3-(Km 18+180 to Km 41+300)	February 07,2009	Compensation disbursed in all 19 villages
2	Package No- ICB-2 (Una-Barsar from Kms 0+000 to Km 45+000)	1- (Km 2+000 to Km 11+000)	May 14,2008	Compensation disbursed in all 7 villages.
		2- (Km 25+000 to Km 35+000)	November 13,2008	Compensation disbursed in all 25 villages.
		3- (Km 0+000 to Km 2+000 & Km 11+000 to Km 25+000)	February 13,2009	Compensation disbursed in all 11 villages except for left out khasras.
		4- (Km 35+000 to Km 45+000)	May 13,2009	All payments disbursed except for left out khasras.
3	Package No- ICB-3 (Barsar- Jahu from Kms 45+000 to Km 90+800)	1- (Km 51+000 to Km 65+000)	May 14, 2008	Compensation disbursed in all 13 villages.
		2- (Km45+000 to Km51+000 & Km65+000 to Km 67+250)	November 13, 2008	Compensation disbursed in all 10 villages
		3- (Km 67+250 to 73+000 & Km 79+000 to Km 88+000)	February 13,2009	Compensation disbursed in all 29 villages except part of Jahu Bypass. Acquisition under process in Jahu Bye passes due to delay in design.
		4- (Km73+00 to 79+000 & Km 88+000 to Km 90+800)	May 13,2009	Compensation disbursed in all 7vilages except for part of Jahu Bye pass.

Annex 14 - Appendix-C

Land Acquisition Status in respect of Upgrading roads under Phase-I of HP State Roads Project

S.N	Contract Package	Mile Stone	Handing over Date	Status
4	Package No- NCB-4 (Jahu- Kalkhar from Kms 93+440 to Km 108+830)	1- (Km 96+200 to Km 101+800	August 10,2008	Compensation disbursed in all 5villages.
		2- (Km 93+440 to Km 96+200 & Km 101+800 to Km 108+830)	November 09,2008	Compensation disbursed in all 6 villages.
5	Package No- ICB-5 (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	June 05,2008	Compensation disbursed in all 26 villages.
		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	Compensation disbursed in all 13 villages.
		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	Compensation disbursed in all 5 villages
		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	Compensation disbursed in all 14 villages.

Annex 14 - Appendix – D

Land Acquisition in respect of Upgrading roads under Phase-II of HP State Roads Project

S.N	Contract Package	Mile Stone	Handing over Date	Status
1	Package No- ICB-6 (Sarkaghat to Ghumarwin from Km 61..420 to Km 103.370)	1-(Km 91+300 to Km 103.370)	Works to start in September 2011	Acquisition is required in 8 villages of which compensation has been disbursed for 3 villages. Negotiation completed for one village and for balance one village land may not be acquired as centre line will be adjusted towards PWD land.
		2 (Km 76+000 to Km 85+000)		Notification under section 4(1) issued for all 10 villages.
		3 (km 70 +000 to Km 76+000 and Km 85+000 to Km 91+000)		Out of 13 villages, notification under section 4(1) issued for 8 villages.
		4 (Km 61+420 to Km 70+000)		Process of LA started in 6 out of the 9 affected villages
2	Package No - ICB 7 (Ranital to Kotla Road – From Km 0.000 to Km 39.173)	1 (Km 6+000 to Km 14+000 and Km 24+000 to Km 39+173)	March 08, 2010	Disbursement made in all 21 villages.
		2 (Km 0+000 to Km 6+000 and Km 14+000 to Km 24+000)	July 07, 2010	Disbursement made in all 9 villages.
3	Package No – ICB 8 (Kumarhati – Sarahan – Nahar Road from Km 0.300 to Km 72+035)	1 (Km 0+300 to Km 10+800)	October 14, 2009	Disbursement made in all 4 villages.
		2 (Km 10+800 to Km 29+340)	April 13, 2010	Compensation disbursed in all 5 villages.
		3 (Km 29+340 to Km 54+340)	July 13, 2010	Compensation disbursed in all 10 villages.
		4 (Km 54+340 to Km 72+040)	October 13, 2010	Negotiations completed in all the 3 affected villages. Award under preparation.

S.N	Contract Package	Mile Stone	Handing over Date	Status
4	Package No. NCB 9 (Draman to Sihunta Road from Km 0.000 to 24.000)	1 (Km 0+000 to Km 14+000)	November 20, 2009	Compensation disbursed in all 7 villages.
		2 (Km 14+000 to Km 24+000)	March 20, 2010	
5	Package No ICB 10 (Bhawarna to Lambagaon from Km 0.000 to Km 26.280)	1 (km 3+000 to Km 12+000)	March 08, 2010	Compensation disbursed in all 19 villages
		2 (Km 0+000 to Km 3+000 and from Km 19+000 to Km 26+280)	September 07, 2010	Compensation disbursed in all 10 villages.
		3 (km 12+000 to Km 19+000)	December 07, 2010	No private land to be acquired. Forest land to be transferred in 8 villages.

Annex 15

Status of Actions to Enhance Transparency

The mission discussed with concerned officers of the HPRIDC the progress on disclosure of project information and the effectiveness of the complaint handling mechanism to address complaints on procurement, construction quality and fraud/corruption. The following are detailed observations on these aspects:

1. With regard to information disclosure, the mission noted that the website comprises information on procurement plans, tender documents, aide-memoires, final reports of the road user and road fund studies, the latest quarterly progress and statistics on information requests received under the RTIA. However, the final feasibility report submitted by the road safety consultant is still not on the website. Further HPRIDC is still non-compliant with provisions under Section 4(1) b of the RTIA in terms of disclosure⁴. Also, HPRIDC has not yet published an annual report on RTIA for submission to both GoHP and the Bank (as mandated under the PAD). Further, statistics of complaints received/resolved, status of invoices received/paid are not available on the website. ***These actions were supposed to be completed by March 31, 2011. The mission requests immediate completion of these actions.***
2. In terms of capacity building on RTIA, it was suggested in the last AM that the new PIO sent for training to the HP Institute of Public Administration by March 31, 2011. The mission was informed that the PIO completed the training.
3. Details of complaints such as number of complaints, their type and how they were addressed are not on the website. The HPRIDC was informed that such statistics need to be provided on the website as mandated by the PAD. **The Bank team and HPRIDC had agreed that this would be accomplished by January 31, 2011.** In addition, the mission had suggested that a separate section be created on the Website comprising: (i) system of handling various types of complaints; (ii) contact information of officers; and (iii) table of complaint handling statistics. These actions are still pending and the team urges the HPRIDC to pay urgent attention to these matters.

⁴ Specifically, information mandated under Section 4(1)b – pertaining to (vi) documents held by HPRIDC, (vii) arrangements for public consultation, (x) remuneration received by employees, (xi) agency budget, (xii) manner of execution of subsidy programs, (xiv) details of information available or held by HPRIDC in electronic form, and (xv) facilities available to citizens for obtaining information including working hours of library/reading room for public use has not been disclosed.