

INDIA

Punjab State Road Sector Project (Loan 4843-IN) 12th Implementation Support Mission (November 24 to 29, 2013)

Aide-Memoire

I. INTRODUCTION

1. A World Bank team¹ visited the State of Punjab from November 24 to 29, 2013, to review the implementation progress of the Punjab State Road Sector Project (PSRSP). The team conducted site visits of the Output and Performance Based Road Contract (OPRC) and held discussions with the officials of Punjab Roads & Bridges Development Board (PRBDB), Public Works Departments (PWD) and Government of Punjab (GOP). The mission also held discussions with contractors and various consultants, engaged under the project.

2. A wrap-up meeting was held and chaired by the Secretary, PWD, GOP, on November 29, 2013. This aide-memoire summarizes the findings, recommendations and agreements reached during the mission. The mission thanks GOP for their support and cooperation during the mission. The status of action agreed during the last mission and agreed key actions during this mission to address current implementation issues identified by the mission are shown in **Annex 1** and **2** respectively.

II. KEY PROJECT DATA & PERFORMANCE RATING

3. This project was approved by the World Bank Board of Directors on December 5, 2006. The Loan and Project Agreements were signed on February 26, 2007 and the loan was made effective on April 2, 2007. The project also underwent restructuring during which the loan closing date was extended for a period of 5 years up to June 5, 2017. The following table summarizes the key project data and updated project performances at this mission.

Key Project Data		Current Ratings and Flags	
Board Date	Dec. 05, 2006	Development Objectives	Satisfactory
Original Closing Date	June. 05, 2012	Implementation Progress	Satisfactory
Revised Closing Date	June 5, 2017	Problem Flags	Safeguards (Environment)
Project Age	84 months		
% Disbursed	US\$ 163.68m (65%)		

III. SUMMARY OF FINDINGS, DISCUSSIONS AND AGREEMENTS

4. **Achievement of Project Development Objective (PDO):** The project's overall development objective is to improve operating conditions of State roads for road users, in a sustainable way, thus helping to provide the business enabling environment necessary to support Punjab's economic

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development strategy. The result monitoring (refer to Annex 3) indicates that most of the outcome indicators are likely to achieve target values. The achievement of PDO is therefore rated as Satisfactory.

Road Upgrading, Rehabilitation and Maintenance Component

6. **Phase I Civil Works Progress:** All works, envisaged under the Phase I of the project has been completed.

7. Phase II Civil Works - Output and Performance Based Road Contract for Improvement, Rehabilitation, Resurfacing & Routine Maintenance Works of Sangrur - Mansa -Bathinda Area.

8. The 10 year contract for INR 600 Crore (US\$ 100m) was awarded in December 2012. The scope of works includes maintaining a network of about 203 km on agreed service levels and performance criteria including improvement and rehabilitation works.

SN	Section	Name	Length (Km)	Type	Proposed Treatment
1	S1	Sangrur to sunam	11.30	MDR 21	Rehabilitation
2	S2	Bhavanigarh to Kota Shamir	106.13	SH 12 A	Improvement (Widening)
3	S3	Harsingwah chowk to Mansa	7.40	SH 13	Rehabilitation
4	S4	Mansa to Talwandi Sabo	25.00	ODR 9	Improvement (Widening)
5	S5	Dhanaula to Bhikhi	25.40	MDR 14	Rehabilitation
6	B8	Bhatinda to Talwadi sabo	29.00	SH 17	Rehabilitation
Total			203.86		

9. The mission was pleased to note that the Contractor and PRBDB in general have developed a good understanding of the OPRC concept which is the first of its kind in the country. The contractor has fully mobilized and three year rolling work program has been approved by the Project Manager. First year work program include improvement (widening) of 27.20km of S2 section and rehabilitation of 25.340Km of S5 section. Designs for first year works have been submitted and approved by the Project Manager. Mission travelled on entire network and observed ongoing civil works.

10. The contractor has completed around 2km of improvement works out of a total 27.2 km and 19 km of the rehabilitation work out of 25.34 km. The total physical progress achieved by the contractor for the first year program is around 58% against a targeted progress of 89% by end of October 2013. Contractor has achieved financial progress of about 62 Crore against the planned 94 Crore in first year. It is likely that first year works will be completed by March 31, 2014, with a delay of about 3 months. Contractor is planning to mobilize an additional hot mix plant to expedite progress of bituminous works. In addition to the improvement and rehabilitation works, contractor is also undertaking routine maintenance of the entire network. Mechanism to monitor compliance/no-conformance and is in place. Mission reviewed the Network Performance Self-Assessment and Inspection reports and observed that contractor is conforming to all performance indicators except few non-conformances for cracks on pavement.

11. A common number to receive calls from public related to emergencies such as accidents or any kind of mishaps on the stretch and complaints related to any defects on the road has been set up and advertised along the network. A back-up call center is in place to respond to these calls is in place. Two highway patrols, equipped with GPS are patrolling the entire network. A GPS tracking system is in place at the call center to monitor location of these patrols and divert the calls to the nearest vehicle.

12. The mission identified following implementation issues which need to be resolved by PRBDB and Contractor:

- There is a need for crack sealing work on stretches, which are not part of the first year improvement/rehabilitation work.
- PRBDB to coordinate with Forest Department to expedite tree cutting for second year of works
- During improvement (widening works), particularly along the existing pavement edge, contractor shall consider proper overlap/joints of layers and/or use of geotextile to avoid risk of longitudinal cracks.
- There is a need for further improvements in traffic management during construction.
- Contractor need to provide proper attention to Road Side Drainage
- Earthen Shoulders on S1 section need improvements
- Preparation and implementation of RAP should be completed before commencement of improvement works.

13. *Procurement Monitoring Consultants (MC) for OPRC contract.* The procurement of monitoring consultants has advanced and bids are being received on December 2, 2013. It was agreed that the PRBDB would submit the Technical Evaluation report by January 7, 2014 and it is likely that by February end, the monitoring consultants would be on board. In the interim, the Project Manager role is entrusted to the PWD's field executive engineer.

14. *Intervention to provide Structural Adequacy to Kharar-Banur-Tepla (UG1) Corridor.* PRBDB has submitted the detailed cost estimates and bidding documents and comments have been provided by the Bank. It was agreed that PRBDB would submit the revised documents including EMP by December 15, 2013.

15. *Road Safety Enhancement and Black Spot Improvement* on state's core road network (1696 km) was added as an additional activity during the restructuring of the project. Consultants have identified about 138 such locations and draft report containing proposed works and costs have been submitted to the PRBDB. The mission discussed the methodology of selection and suggested that – (i) night time audit of the network need to be conducted; (ii) review major junctions and revisit if additional black spots are to be identified; and (iii) innovative solutions for local conditions are to be proposed. It was agreed that PRBDB would submit the draft cost estimates, designs and bidding document for Bank's review by February 28, 2014. It was agreed to expand the network to other state highways and MDRs for selection of black spots.

16. *Liquor Shops within RoW of Bank funded Roads* The mission informed PRBDB that Bank has received a complaint quoting a High Court order regarding removal of liquor shops within RoW for road safety. In this regard mission requested to prepare a list of these shops and send the information to concerned department for further action in line with the court order.

17. *Dehlon Bypass* The proposed by-pass (2.8 km) under UG/2 requires approximately 38 acres of irrigated agricultural land and would impact two bore wells. Mission was concerned to note delays in Land Acquisition (LA) process, primarily due to the anomaly between PAD and Legal Agreement regarding its funding by the Bank. The mission was informed that the Detailed Designs have now been completed and PRBDB has initiated the LA process. The draft notification under Section 4(1) has been submitted to the Secretary PWD for approval. The draft notification details indicate that about 38 acres of irrigated agricultural land (from 135 plots) located in two villages will be acquired under LA Act using the provisions of Standing Order 28, GoP. Following declaration of Section 4(1) notification, other notifications under Section 5(A) and 6 (1) has to be completed. Orders for forming Negotiations Committee has to be issued by the GoP. The preparation of the environment assessment report and the EMP is also underway. The mission once again reminded that the relevant sections of the EMP will have to be integrated in the Bidding Document for the said work.

18. The following actions were agreed: (a) publishing of all the required notifications will be completed before end January 2014; (b) Negotiations Committee will be formed before end December

2013; (c) award declaration will be completed before end February 2014 (d) disbursement of compensation will be completed before end March 2014. It has also been agreed that socio economic survey will be conducted for persons affected by the proposed bypass and detailed project reports, limited EA report including EMP, RAP and bidding documents would be submitted to the Bank by January 31, 2014.

19. *Consultancy for OPRC Projects (M/s OPUS):* The mission was informed that the consultancy contract has been closed but there are some payments for variation being claimed by consultants. It was agreed that PRBDB would send these for Bank's no objection by January 31, 2014.

20. *BCEOM Payments* The phase I consultancy contracts has been closed but the final payment has yet to be made, which shall be expedited. It was agreed that the final payment would be paid by January 31, 2014.

Institutional Strengthening Component

21. *Consultancy Services for Monitoring and Evaluation of Project Indicators:* The mission was informed that the data for year 2013 have been collected and the draft report has been submitted which is under review by PRBDB. The M&E Consultant has over the years collected speed and Vehicle Operating Cost (VOC) data for the entire network and Roughness and road condition data for the improved roads. The mission noted marked improvements in the road condition and roughness indicators for the PSRSP improved roads. The contract with consultants will expire in December 31, 2013. Based on the agreed results framework during the restructuring, same categories of indicators need to be collected in 2015 and 2017. It was agreed that the monitoring indicators for the entire network including the OPRC network will be collected through one consultancy to be procured in 2014.

22. *Road User Satisfaction Survey (RUSS):* The project end term survey has been completed to assess the level of satisfaction on the network and the efficiency of PWD/PRBDB. The mission noted the improvements in in the road user satisfaction index from 3.1 in the baseline survey to 3.41 in the end term survey. Similarly, the improvement in the level of satisfaction of PWD/PRBDB was observed from 60.27% to 63.6%. The present contract with consultants stands complete. However, there is a need to engage consultants for carrying out next RUSS surveys for 2015 and 2017 for which procurement need to commence in 2014. The mission suggested that the PRBDB explore the possibility of procuring one consultant for RUSS and network indicators. The methodology of new surveys need to be the same as was adopted earlier.

23. *Consultancy for Road Safety Awareness Generation:* The Consultant has carried out a road safety audit on phase 1 and the second round of the awareness campaign is ongoing.

24. *Preparation of GIS Maps for Punjab Roads:* The GIS mapping exercise, which is being undertaken by the PRBDB in-house has been delayed and has so far been completed for 5 districts. It was agreed that the entire network will be completed by March 31, 2014.

25. *Integrated Transport Policy and Strategy and Strategic Investment Plan (Transport Sector Master Plan):* The mission was informed that the final report has been submitted by the consultants in July 2013. PRBDB has written to the consultants for proposing suitable dates for final presentation to be made to the Government.

26. *Integrated Data Evaluation System for Road Accident (IDEAS – Punjab)* A web based accident reporting and analysis system has been prepared under the project, which is a useful tool for PRBDB, Punjab Police, local authorities, pressure groups, academic and research organizations. PRBDB has provided training to police stations of 21 districts, while training in 3 districts are balance. Currently accidents are being recorded and entered by police stations, while the administrative rights of website is with PRBDB. Once training is completed, these rights need to be handed over to Police to maintain the website.

27. *Speed Camera Program* The GoP is in the process of launching statewide speed camera program and have engaged a program management consultants. An Expression of Interest has been invited from potential System Integrators for procuring speed cameras and designing its back-end system to analyze images and collect fines on PPP basis. The mission held discussions with Traffic Police and consultants in this regard. The mission informed possibility of providing technical and financial support under the project in case of overall cost savings as this activity support the development objective of the project. The Bank had earlier shared a concept note on speed camera with Government of Punjab.

28. *Computerization of PWD* Bidding documents for computerization were submitted to the Bank with considerable delays. A Meeting was held with PRBDB and their program management consultants to rationalize the issues as raised by the WB in the bid document for procurement of IT services. Following issues were discussed and suggestions made:

- Costing caters to 5 years of O&M - It was proposed that instead of 3 years of support the bid document may ask for 5 years of support. However, Project director opined that a period of 3 years is considered adequate at the moment. If an extension is required then it can be obtained later.
- Licensing to be rationalized - Number of licenses required for each of the module proposed to be procured require rationalization. However, it was agreed that the bid document shall bring out the number of professionals that need to access each of the functionality and the licensing required will be left to the vendor.
- Marks for the solution proposed - It was mutually agreed that the marks for the proposed solution shall be Changed to 40%
- Response time- The consultants were advised to rationalize the response time SLA for various services in the bid document.
- State data centre - While the proposed solution is expected to be hosted from the state data centre, clarity needs to be brought about the responsibility in respect of racks, power systems, bandwidth and other services that shall be provided by such a centre. PRBDB and consultants were advised to bring about such clarity in writing.
- Payment Terms- The consultants were advised to rationalize the payment terms in line with the implementation life cycle of the project

29. It was agreed that PRBDB shall submit the revised bid document by December 15 to the Bank for clearance.

30. *Appointment of IT Director* The mission highlighted the need of appointing IT director in view of the upcoming computerization. PRBDB had made efforts to depute a person on deputation from other Government department but these were not successful. It was decided to recruit IT director from private sector and in this regard advertisement would be issued by January 07, 2014.

31. **Environment Safeguard Management:** The mission reviewed the following: (i) completion/compliance of EMP implementation for Phase I roads, with specific focus on UG/1 and UG/2; (ii) preparation of limited EA and EMP for Dehlon by-pass of UG/2 and; (iii) application and implementation of the ESMF in the works under the Output and Performance based Roads Contract (OPRC). Additionally, the mission also reviewed the status on: (i) obtaining regulatory clearances for the OPRC work; (ii) adoption of the Standard Bidding Document (SBD), which has integrated requirements on environment, health and safety aspects and; (iii) reporting/documentation on aspects pertaining to EMPs. The mission specifically focused on reviewing the status of activities/actions identified as outstanding during the previous mission/s.

32. *Over-view:* The over-all rating for implementation of Environmental Management Plans (EMPs) in the project is being downgraded to ‘moderately unsatisfactory’ due to pending actions on activities identified during the last mission/s. While a few good initiatives had been taken under the project in the past and several works (UG/3 and those under periodic maintenance and rehabilitation component) had

been closed satisfactorily, the quality of EMP implementation and monitoring in the project has progressively declined.

33. *Upgrading Works:* Weak monitoring and non-involvement of Nodal Environment and Social Officers on part of PRBDB has led to a situation where two upgrading works, UG/1 and UG/2 have been closed without proper clean-up/rehabilitation and closure reports on EMP compliance (covering aspects such as worksite clean-up; rehabilitation of camp, plant sites and borrow areas; debris re-use and disposal; drainage provisions; materials usage and; site enhancement/s) continue to remain pending. The PRBDB assured the mission that any remaining clean-up and rehabilitation work (including that pertaining to drains) would be carried out using alternative mechanism/s and adjustment will be made against the final bill of the works contract, which is yet to be settled.

34. Further, with the PRBDB planning to invite bids for carrying out structural adequacy works of the pavement on UG/01 under the project in the coming weeks, the mission reiterated that all outstanding activities must be completed before proceeding with new works. A couple of supporting documents/annexures, without the report and without the verification of Nodal Environment Officer, for UG/01 have been shared with the Bank just 2-3 days before the mission. It was explained at length once again using previous completion reports from this very project on how these submissions are to be made. It has been agreed that the said report will be shared with the Bank no later than January 15, 2014. Non-adherence to this deadline and/or incomplete report submission may lead to further downgrading of the rating on environment management and safeguards.

35. *Output and Performance Based Road Contract:* The use of Output and Performance Based Road Contracting system (OPRC) requires the Contracting Entity to undertake screening, conduct impact assessment, formulate the environmental management plan and subsequently undertake its implementation too. The preparation of an Environmental Management Plan (EMP) has to be adequate and commensurate to the scale of civil works proposed during various stages of the contract. Based on the observations in the field, the mission pointed out the following areas that require attention:

a) The mission reminded that the contracting entity's design proposal and Environmental Management Plan (EMP) (among other documents) are to be approved in writing by the Employer prior to the commencing of any physical work. Specific EMP/s applicable at link-level are to be prepared for major interventions such as improvement and widening proposals by using the process elements briefly mentioned above and described comprehensively in the ESMF. Prior to preparing the EMP, screening and EA (as applicable) should be completed. The mission noted that these documents have not been thoroughly reviewed by PRBDB and no verification has been conducted on the ground. The documents prepared so far are generic, lack coherence between the various sections, lack allocation of appropriate manpower and material resources to implement the EMP and are practically not linked to the designs/civil works programme. Despite this, the documents have been approved by PRBDB. The mission shared its detailed comments for one link (S2) (including screening, EIA and EMP reports) and advised revision of all reports since the actual execution of works will be finally based on the 'revised approved reports'. This revision

b) The mission continues to reiterate that while there is expertise to guide and monitor management of environmental issues effectively, the PRBDB needs to ensure more active involvement of the Nodal Environment Officer in OPRC works and improve the co-ordination with the Field Division, Sangrur on environmental management matters, including approvals of reports submitted by the Contracting Entity (after proper verification on the ground), ESMF monitoring and documentation/record keeping – the mission once again stressed that appropriate written communication is extremely important, as contractual remedies related to non-conforming actions can be applied only when the documentation is in order.

c) As part of the environment management process, the contracting entity needs to assess and identify applicable environmental policy and regulatory requirements for the identified OPRC intervention. If this is properly planned and pursued, the contract/proposed civil works will not be held up for lack or delay in obtaining regulatory clearances. While all forest clearance cases are on track, the mission noted some disconnect between the civil works programme and the regulatory requirement related to the Wildlife

Clearance/NOC required for link S2. The mission reminded that the clearance must be obtained prior to initiation of civil works.

- d) Designs to take into account suggestions from the public consultation process and requirements of traffic calming near sensitive receptors, markets and other vulnerable areas.
- e) Ensure that the Camp and Plant site at Village Khiyala meets the ESMF requirements in terms of pollution management measures at the plant site, dust control, material stacking/management, protection from live wires, waste management (including segregation), drainage and waste water disposal arrangement, haul road maintenance, emergency response arrangement and over-all housekeeping.
- f) Work site safety management, which continues to be quite weak - lack of advance warning, poor PPE discipline at worksites, inadequate signage and use of boards/delineators that don't meet IRC norms, use of untrained flagmen.
- g) Prepare and execute proper traffic management plans at work fronts.
- h) Maintenance of kutchra drains, which the mission noted has not been carried out in some links.
- i) Coordinate and seek permission from the Forest Department to allow leveling of earthen dumps beyond the shoulders to prevent water accumulation on the road (along and between the linear plantation declared as 'protected') and pruning of some low hanging branches.

36. *Standard Bidding Document:* The Standard Bidding Document of the Public Works Department (PWD) mainstreaming environment, health and safety requirements (a commendable initiative) had been finalized way back in 2010. However, the mission was informed during this visit that for small works several measures have been dropped and the document is now with the Legal Department for clearance

37. **Social Safeguard Management:** Issues reviewed during the current mission include (i) land cost financing; (ii) finalization of Resettlement Plans for OPRC roads and their implementation (iii) preparation of RAP for Dehlon by-pass of UG 2 package; and (iv) Coordination between the PMU and Contractor on social aspects.

38. *Land cost financing under the Project:* The issue of financing land acquisition cost was resolved. It was agreed that the entire cost of acquiring the land for the project will now be financed by the GoP and Bank's financing share will be increased to accommodate this impact, subject to approval of project restructuring. A restructuring proposal in this regard has been sent to the DEA by GoP.

39. *OPRC - Social Aspects:* For OPRC roads, the following three activities needs to be completed (a) finalization of RAP for OPRC roads (b) finalizing and putting in place arrangements for implementing RAP (c) finalizing and preparing appropriate land acquisition plans and limited RAP for land to be taken for geometric improvements in S2 road.

40. *RAP finalization* The present RAP needs to be revised incorporating the following changes: (a) revised design changes in S2 road for four laning at few locations (b) re-categorize the NTH into kiosks, encroachers, squatters, etc based on actual impacts (c) state extent of loss - partial or full (d) reconfirm the budget estimates based on actual eligible entitlements (e) implementation arrangements (f) synchronize RAP implementation timelines with civil works schedule.

41. *Implementation arrangements* The implementation responsibility of the RAP will be with the OPRC contractor and R&R cost will be funded by the PRBDB. The contractor will prepare Micro Plans and submit to the PRBDB for their review and approval. The contractor will assess possibilities for developing vendor market for commercial squatters in collaboration with local Municipality/Gram Panchayat. It is agreed that PRBDB will share a note on RAP implementation plans with the Bank before end December 2013.

42. *Geometric improvement in S2 road and land requirement* On S2 road between chainages kms 35.8 and 37.9 kms, it has been proposed to straighten the existing ‘S’ curve alignment for about 721 mts. This may require about 2.16 hectares of private agriculture land. Contractor/PRBDB has carried out preliminary consultations with the farmers in this regard. It has been agreed that Contractor will undertake complete social assessment and prepare and submit a report to the PRBDB and Bank before end January 2014 with all details such as required private land, socio economic profile of the land owners, land improvement cost, time lines, etc. It has also been agreed that socio economic survey will be conducted for persons affected by the proposed realignment and the Resettlement Action Plan will be amended and submitted to the Bank before end December 2013.

43. *Social Safeguard Monitoring by PMU:* The mission reiterated that PRBDB has in-house expertise to guide and monitor management of social safeguard issues effectively. However, this expertise is not being utilized as observed during the mission. The mission suggests PRBDB to ensure monthly visits by Project Managers to OPRC site. All the reports should be reviewed and approved by the PMU safeguard staff. It is important to build upon lessons learnt from the recently completed project to enhance the quality of preparation and implementation of RAP for the project. The PMU and the Contractor has all the responsibility to ensure the proper implementation of the Project R&R Policy and the Contractor should ensure delivery of all entitlements to the affected population before starting civil works.

44. *HIV/AIDS Awareness plans:* During the last mission, the Contractor was sensitized about the implementation of the HIV/AIDS awareness programs and it was agreed that the Contractor would develop an action plan for implementation of the awareness program. The mission was informed that sporadic instances of HIV/AIDS awareness camps were organized by the Contractor but no specific action plan has been drafted yet by them. The mission once again urged that the action plan for implementation of the HIV/AIDS awareness program be prepared by the Contractor and share with the Bank by December 31, 2013.

45. *Others - Handing over Kiosks* The PRBDB has finalized agreements with lease holders for maintaining about three bus shelter kiosks built under Phase I. It is in the process of making similar arrangements for other kiosks as well.

46. The overall implementation progress of social safeguards is maintained at Moderately Satisfactory.

47. **Financial Management and Disbursement Aspects:** The mission reviewed the existing financial management arrangements at the project. The recent developments and key issues are highlighted below:

(a) A dedicated Chartered Accountant (CA) is handling the financial management aspect of the project. It is again advised that the financial management **staff** at the PRBDB office should make at the minimum monthly field visits to be able to efficiently perform the role of monitoring from the head office;

(b) The Divisional Accountant at Sangrur division has received training on payments relating to Output and Performance Based Road Contract (OPRC) expenditure & has also trained a contractual employee (working since 2007) on these payments so as to ensure business continuity;

(d) With respect to **the internal auditors’ appointment**, the PRBDB has decided not to procure any internal auditor as ongoing activities are restricted to only one division, one civil work contract (OPRC). Moreover, all the bills raised are thoroughly scrutinized at various levels. As explained by the Project, the procedure followed while clearing the bills is - once the bills are raised it is sent to the Sub Divisional Engineer for verification & then forwarded to Divisional Offices i.e. to different branches of the Divisions (Drawing branch- headed by Draftsmen, Accounts Branch headed by Divisional Accounts office-representative of AG & Correspondence Branch headed by Superintendent) for pre-auditing. After being pre-audited & cleared by Executive Engineer the bills are then sent to the Chief Engineer for further scrutiny & then it is recommended for payment. The bills once verified/ scrutinized & checked at different

levels, it is finally sent to the Project Director. The Project Director after thoroughly verifying the bills directs Controller Finance for the payment.

(e) The **external audit** report for FY 2012-13 has been submitted to the Bank in October 2013. Reply to AG for observations of Rs. 3.03 crores (Rs 3.07 crore + Rs.(0.04) crore) need to be sent at the earliest and the copy of those replies to be shared with the Bank by January 31, 2013, failing which the Bank may consider these expenditures held under audit objection as ineligible. Audit objections pertaining to FY 11-12 for Rs. 9.40 crores have not yet been dropped by AG and hence the amount of Rs 9.40 crores will be treated as ineligible expenditure and recovered from the project from next reimbursement claims.

48. **Project Disbursements** Disbursement from the Bank as on June 13, 2013 is USD 163.68 million which represents 65.47% of the loan. The last disbursement on the project was in June 2013, when about US\$ 19m were disbursed. The PRBDB is regularly submitting IUFrs. As per the IUFr for the quarter ending September 2013, the project has reported net uses of about US4 2m and forecasted expenditure for next two quarters as US\$ 18m. While the project is making expenditure on OPRC contract and next IUFr for quarter ending December should reflect that, the key reason for no disbursements in last six month is delay in Land Acquisition of Dehlon Bypass. The GoP was not prepared to spend amount on LA because of anomaly in PAD and Legal Agreement regarding funding of LA costs by the Bank. The issue has now been resolved and GoP has sent a restructuring proposal to increase Bank share.

49. Government of Punjab was in non-compliance with the legal covenant of transferring the project funds to the project accounts within 14 days. However, during the months of November and December, 2013, funds amounting to Rs. 110 crores have been received by PRBDB. The State counterpart funds amounting to Rs. 36.58 crores have not yet been received. Reply to AG for observations of Rs. 3.11 crores (Rs 3.07 crore + Rs. 0.04 crore) need to be sent at the earliest and the copy of those replies to be shared with the Bank by January 31, 2014, failing which the Bank may consider these expenditures held under audit objection as ineligible. Audit objections pertaining to FY 11-12 for Rs. 9.40 crores have not yet been dropped by AG

50. The Financial Management rating for the project has been retained as Moderately Satisfactory. This rating is on account of moderate shortcomings of delay in submission of the external audit report for FY 2012-13. Furthermore, the audit report for the FY 12-13 has audit objections and AG has not yet dropped audit objections for FY 11-12. The State share has also not been transferred in the Project Account. If these issues are not resolved at the earliest, there is a risk for downgrading FM rating to unsatisfactory levels.

51. **Compliance with Legal Covenants:** All legal covenants have been complied with

52. **The Next Mission:** The next full implementation support mission will be planned in May 2014. However an interim mission would be planned in February 2014.

IV PROJECT RATINGS

Field	Rating	
	Last Mission	Current Rating
Road Upgrading, Rehabilitation and Maintenance Component	MS	MS
Institutional Strengthening Component	MS	S
Environmental Safeguard Management	MS	MU
Social Safeguard Management	MS	MS
Project Management	MS	MS
Financial Management	MS	MS
Procurement quality/timeliness	S	S

HS highly satisfactory, S satisfactory, MS Moderately Satisfactory, MU Moderately Unsatisfactory, U unsatisfactory, NA not applicable.

Annex-1

Status of Action Agreed During the Last Mission

<u>No.</u>	<u>Key Actions</u>	<u>Target Date</u>	<u>Status</u>
Civil Works			
1	Submit Final RFP of Monitoring Consultants (OPRC)	Immediate	Completed
2	Allocation of Maintenance Funds for taking up routine works on PSRSP Phase I roads	Immediate	Completed
3	Obtain Forest Clearance for year 1 works under OPRC	Immediate	Completed
4	Dehlon Bypass - Submission of Detailed Project Report, Cost Estimates, Drawings and Draft Bidding Document	July 31, 2013	Pending
5	Intervention to provide structural adequacy to Kharar-Banur-Tepla Corridor - submit Cost Estimates, designs and draft bidding documents	July 31, 2013	Completed
6	Improve Traffic Management During Construction and Traffic Signages	Immediate	Marginally improved, scope of further improvement
7	Submit a request to make LA costs eligible and amendments to Legal Agreements	June 30, 2013	Pending
Institutional Strengthening Component			
1	Submit Bidding Documents for procuring System Integrator for computerization of PWD	June 30, 2013	Completed
2	Appoint IT Director in PWD	September 2013	Pending
3	Endorsement of the final report of the Transport Sector Policy and Strategy and Final Report on Strategic Investment Plan	July 31, 2013	Pending
Environment Safeguards			
1	Sharing of the long pending closure report on EMP compliance for Contracts UG/1 and UG/2 with the Bank	June 30, 2013	Pending
2	Ensure cleaning of drains, particularly on UG/1	June 15, 2013	Pending
3	Ensure proper enforcement of ESMF requirements, monitoring and documentation/record keeping on environment, health and safety aspects in the OPRC works	Immediate	Scope of further improvement
4	Improve work site safety management on the OPRC network	Immediate	Marginally improved, Scope of further improvement
5	Adoption of the Standard Bidding Document by PRBDB/PWD	August 31, 2013	In progress
Social Safeguards			
1	Handing over Kiosks to either Panchayat / private company	Immediate	Partially Completed
2	Submission of Social Screening and RAPs for First Year roads	June 30, 2013	Completed
Financial Management			
1	Reply to AG for observation of Rs 9.4 crore for FY 11-12	May 31,2013	Completed
2	Hold meeting with AG to familiarize them about OPRC and discuss their work plan before commencement of audit.	May 31,2013	Completed
3	Appointment of internal auditors and revision in TOR	July 31,2013	Dropped
4	Train finance staff in OPRC payments	Continuous	Completed and continuous
5	Make field visit at minimum monthly frequency	Continuous	Continuous

Annex-2

Agreed New/Updated Key Actions

No.	Key Actions	By whom	Target Date
Civil Works			
1	Submit Technical Evaluation Report of Monitoring Consultants (OPRC)Bids	GOP/PRBDB	Jan 7, 2014
2	Dehlon Bypass - Submission of Detailed Project Report, Cost Estimates, Drawings, RAP, limited EA report including EMP and Draft Bidding Document	PRBDB	Jan 31, 2014
3	Accident Black Spot Improvements - Submit draft cost estimates, designs and bidding document	PRBDB	Feb 28, 2014
4	Intervention to provide structural adequacy to Kharar-Banur-Tepla Corridor - submit revised Cost Estimates, designs and draft bidding documents including EMP	PRBDB	Dec 15, 2013
5	Improve Work Site Safety and Traffic Management During Construction on OPRC network	OPRC Contractor	Immediate/Continuous
6	Finalize Variation of OPUS and Make final payments to BCEOM	PRBDB	Jan 31, 2014
Institutional Strengthening Component			
1	Submit Revise Bidding Documents for Computerization	GOP/PRBDB	Dec 15, 2013
2	Advertise for appointing IT Director in PWD	GOP/PRBDB	Jan 07, 2014
3	Endorsement of the final report of the Transport Sector Policy and Strategy and Final Report on Strategic Investment Plan	GOP	Jan 31, 2014
4	Integrated Data Evaluation System for Road Accident (IDEAS – Punjab)- complete training in 3 districts and hand over website rights to Police	PRBDB	Mar 31, 2014
Environment Safeguards			
1	Sharing of the long pending closure report on EMP compliance for Contracts UG/1 and UG/2 with the Bank	PRBDB	Jan. 15, 2014
2	Ensure completion of clean-up/rehabilitation work (including drains related), , particularly on UG/1	PRBDB	Dec. 31, 2013
3	Ensure proper enforcement of ESMF requirements, monitoring and documentation/record keeping on environment, health and safety aspects in the OPRC works	PRBDB/ Contractor	Continuous / Immediate
5	Obtain all required regulatory clearances (forestry / Wildlife NOC) for OPRC works	PRBDB/Contractor	As per Works Schedule
6	Adoption of the Standard Bidding Document by PRBDB/PWD	PWD/PRBDB	Partially Completed / Dropped Now.
Social Safeguards			
1	LA for Dehlon bypass - complete declaration of award	PRBDB	Feb 28, 2014
2	LA for Dehlon bypass - complete disbursement of compensation for land	PRBDB	Mar 31, 2014
3	Submit RAP for Dehlon bypass	PRBDB	Jan 31, 2014
4	Revise and finalise RAPs for OPRC roads	PRBDB/Contractor	Dec 20, 2013
5	Submit abbreviated/limited RAP for S2 OPRC road for proposed realignment section	PRBDB/Contractor	Jan 31, 2014
6	Handing over Kiosks to either Panchayat / private company	PRBDB	Partially completed/March 31, 2014
Financial Management			
1	Reply to AG for observation of Rs 3.03 crore for FY 12-13	PRBDB	Jan 31,2014
2	Train finance staff in OPRC payments	PRBDB	Continuous
3	Make field visit at minimum monthly frequency	PRBDB	Continuous
4	Reply to AG for observation of Rs 9.04 crore for FY 11-12	PRBDB	Immediate

Results Monitoring Indicators

Project Outcome Indicators	Target Values			Current Value (YR6 – 2013)	Data Collection and Reporting		
	Baseline	YR8 (2015)	YR10 (2017)		Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Average Network Speed (kmph)	34.2	46	48	43.77	MTR and end-of-implementation PRBDB Report	Surveys	PRBDB
Maintain VOC (%)	9.5%	20%	20%	9.6%	MTR and end-of-implementation PRBDB Report	Surveys	PRBDB
Reduction in number of fatal accidents	2655	2522	2390	Not Available	Aide memoire, every six months	First Information Reports (FIRs)	Police/ PRBDB/ Bank
Increase in User Satisfaction	61.11%	64%	67%	66.02%	User satisfaction Survey Report, every two year	Survey	PWD/ PRBDB
Improvement in efficiency of Road Agency (PWD, PRBDB)	60.27%	63%	65%	63.60%	User Satisfaction Survey Report, every two year	Survey	PWD/ PRBDB
Results Indicators for Each Component							
Component 1: Total km of roads improved and rehabilitated under the project w.e.f. YR 6	0 km	136km	166km	21km-	Monthly Construction Supervision Reports; Quarterly FRMs, Aide Memoire (every 6 months)	Certification of Quantities by the Engineer	Construction Supervision Consultant; PRBDB
Maintain IRI (m/ km)	9.2/km	2.6/ km	2.6/km	2.95/km	PRBDB's Annual Report, Yearly	Roughness and Condition Surveys	PRBDB
Maintain poor and bad network condition@ 4%	67%	4%	4%	7%	PRBDB's Annual Report, yearly	Roughness and Condition Surveys	PRBDB
Component 2: Department wide computerization and use of integrated systems for planning, management, financial accounting, monitoring	-		Final Roll-out to the entire department	Bidding Documents to be issued	As per implementation schedule	-	PWD/ PRBDB