



Second Karnataka State Highway Improvement (P107649)

SOUTH ASIA | India | Transport Global Practice |
IBRD/IDA | Specific Investment Loan | FY 2011 | Seq No: 9 | ARCHIVED on 09-Feb-2015 | ISR17868 |

Implementing Agencies: Karnataka Road Development Corporation Limited

Key Dates

Key Project Dates

Board Approval date:24-Mar-2011

Effectiveness Date:19-Jul-2011

Planned Mid Term Review Date:11-Nov-2013

Actual Mid-Term Review Date:04-Dec-2013

Original Closing Date:31-Dec-2016

Revised Closing Date:31-Dec-2016

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

To accelerate the development of the Core Road Network through leveraging public sector outlays with private sector financing and improving the institutional effectiveness of the road sector agencies to deliver effective and safe roads to users.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Component 1: Road Improvement Works (IBRD: US\$260 million, GOK: US\$94 million, Developer: US\$249 million):(Cost \$603.00 M)

Component 2: Highway Financing Modernization: (IBRD:US\$67 million; GOK: US\$56 million; Developers/Financial Institutions: US\$251 million):(Cost \$374.00 M)

Component 3: Road Safety Improvement (IBRD: US\$11 million; GOK: US\$3 million):(Cost \$14.00 M)

Component 4: Road Sector Policy and Institutional Development. (IBRD: US\$9.4 million; GOK: US\$2.4 million):(Cost \$11.80 M)

Project Management (This is not a formal component)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Moderately Unsatisfactory	● Moderately Unsatisfactory
Overall Implementation Progress (IP)	● Moderately Unsatisfactory	● Moderately Unsatisfactory



Overall Risk Rating

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● Substantial

Implementation Status and Key Decisions

This Implementation Status Report is based on the observations of the Implementation Support Mission during January 1-10, 2015.

The Project Development Objective (PDO): Since the last supervision mission in June 2014, the project made progress in the ongoing item-rate contracts and the two DBFOMT concessions where the work has just commenced and in the associated LA and RR activities. However, the project is unlikely to achieve its development objectives within the closing date of the project, that is, December 2016, due to delays in procurement of balance civil works under the new item-rate contracts and co-financing packages.

The turnaround strategy agreed during the last mission (in July 2014) essentially predicated on achieving the following three elements by now: (a) substantially complete the six ongoing item-rate contracts; (b) achieve about 25% progress in the DBFOMT concessions; and (c) complete the procurement of 3 new item-rate contracts and 6 concessions under the co-financing component. Implementation of this strategy is progressing but with varying degrees of delays in each of these three elements. The procurement of the new item-rate contracts and 6 co-financing concessions is now expected to come to the logical end of contract award/concession signing respectively in the next two quarters. In terms of other components, activities related to Institutional Strengthening made substantial progress in terms of procurement and the civil works bids for road safety demo corridor are still under evaluation. Based on this, the project could fall marginally short in achieving the PDO especially in the areas of the number of kilometers upgraded and private financing mobilized, by the current closing date in December 2016. In view of this, ratings of the *achievement of PDO*, *implementation progress* and *project management* are being maintained as *Moderately Unsatisfactory*.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	--	● Moderate
Macroeconomic	--	--	● Low
Sector Strategies and Policies	--	--	● Moderate
Technical Design of Project or Program	--	--	● Substantial
Institutional Capacity for Implementation and Sustainability	--	--	● Moderate
Fiduciary	--	--	● Moderate
Environment and Social	--	--	● Substantial
Stakeholders	--	--	● Moderate
Other	--	--	--



Overall -- -- ● Substantial

Results

Project Development Objective Indicators

- Achievement by GOK in generating at least US\$500 million in new private sector capital for CRN improvement and management by end-of-project (EOP). (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	200.00	144.00	295.00	500.00
Date	24-Mar-2011	20-Jun-2014	01-Jan-2015	--

Comments

Based on the figures noted from the financial closure of WAP 1 and WAP 2 concessions in December 2014, the concessionaires have mobilized private sector capital (debt and equity) to the tune of \$151 mn. Earlier, KRDC raised \$ 144 million in four works [Chikkanayakanal-Tiptur – Rs 2260 million, Dharwad-Ramanagar – Rs 2230 million, Whagdhari-Ribbanpalli – Rs 2650 million, Part of SH132 in Bellary district – Rs 1520 million].

- 15% reduction in Vehicle Operating costs and 25% reduction in Travel Time Cost on project corridors by EOP (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	VOC: \$0.26 TT: \$0.074	--	--	VOC:\$0.20 TT: \$0.06
Date	--	20-Jun-2014	20-Jun-2014	--

- 30% reduction in road accident related fatalities on safe corridor pilots by EOP (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	31.00	--	--	22.00
Date	15-Feb-2011	20-Jun-2014	20-Jun-2014	--

Comments

Interventions for road safety pilot corridor (only one pilot corridor i.e. SH 20 is being considered) are yet to be procured and implemented. Designing of the safety interventions is in progress.



► Roads in good and fair condition as a share of total classified roads (Percentage, Core)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	50.00	57.00	57.00	65.00
Date	--	20-Jun-2014	31-Dec-2011	--

Comments

Based on CRN in good condition as 11254 km (comprising baseline-8532 km, SHDP-2200 km, KSHIP-200 km & KRDCCL-325 km) out of 19735 km; This is 2011 data. Latest data is unavailable.

▲ Size of the total classified network (Kilometers, Core Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	19735.00	19735.00	19735.00	19735.00
Date	--	20-Jun-2014	31-Dec-2011	--

► Share of Core Road Network in good condition (IRI < 4) increases from 50 percent to 65 percent by EOP. (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	50.00	--	57.00	65.00
Date	--	--	31-Dec-2011	--

Comments

Based on CRN in good condition as 11254 km (comprising baseline-8532 km, SHDP-2200 km, KSHIP-200 km & KRDCCL-325 km) out of 19735 km; This is 2011 data. Latest data is unavailable.

Overall Comments

Intermediate Results Indicators



► Completion of upgrading and widening of about 269 km. through item–rate contracts (Kilometers, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	--	160.00	192.00	269.00
Date	--	20-Jun-2014	31-Dec-2014	31-Dec-2016

Comments

60% of Year 3 target (192 km of road construction) achieved. Rest of the 76 km of roads are under construction and likely to be completed by June 2015.

[1] Rest of the 76 km of roads are under construction and likely to be completed by June 2015.

► Completion of upgrading, widening of about 562 km. through DBFOMT (Annuity) Concessions (Kilometers, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	--	--	--	562.00
Date	--	20-Jun-2014	31-Dec-2014	31-Dec-2016

Comments

Concessions for two roads with a total length of about 300 km have been awarded and construction works are expected to be completed by Dec 2016.

► Environmental Management - (a) implementation of EMP as agreed (b) ISO 14001 certification obtained for operational units (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0	Implementation of EMP is being carried out, however safety on and off site, and regulatory clearances remain below satisfactory level	Implementation of EMP is being carried out, however safety on and off site, and regulatory clearances remain below satisfactory level	PIU certified and 1 field division certified



		ISO certification has been delayed as procurement of the external certifier is ongoing.	ISO certification has been delayed as procurement of the external certifier is ongoing.	
Date	--	20-Jun-2014	31-Dec-2014	--

► KRDCCL generates additional road user revenues and commits them for mobilizing debt financing(via securitization) and/or making payment for PPP transactions (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Passing of Tolling Policy	Y1 Target of Passing of Tolling Policy: Completed Y2 Target of Tolling on selected roads: Not achieved. Attempts to award BOT-tollconcessions did not find any takers Y3 Target of KRDCCL issues debt or develops PPP transactions backed by toll revenues: In progress	Y1 Target of Passing of Tolling Policy: Completed Y2 Target of Tolling on selected roads: Not achieved. Attempts to award BOT-tollconcessions did not find any takers Y3 Target of KRDCCL issues debt or develops PPP transactions backed by toll revenues: In progress	KRDCCL issues debt or develops PPP transaction backed y toll revenues
Date	--	20-Jun-2014	31-Dec-2014	--

► Completion of upgrading widening and O&M of about 400 km through co-financing arrangement (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Screening commenced	Y1 Target of Co-financing arrangements established: In progress Y1 Target of Transaction adviser engaged: completed Y2 Target of DPR completed: In progress. First stage of the two-stage procurement process for works is ongoing.	Y1 Target of Co-financing arrangements established: In progress Y1 Target of Transaction adviser engaged: completed Y2 Target of DPR completed: In progress. First stage of the two-stage procurement process for works is completed. Second stage in progress.	Construction completed



Date	--	20-Jun-2014	31-Dec-2014	--
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► Effective implementation of Safe Corridor (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Lead Agency Established: pilot corridor identified	Y1 Target of Lead Agency established: done with delay Y1 Target of Pilot corridor identified: Yes Y2 Target of Consultant Services procured: Yes Y3 Target of Multi sector intervention implementation started: Delayed. However, civil works procurement is making progress	Y1 Target of Lead Agency established: done with delay Y1 Target of Pilot corridor identified: Yes Y2 Target of Consultant Services procured: Yes Y3 Target of Multi sector intervention implementation started: Delayed. However, civil works procurement is making progress	minimum 3 star rating achieved through iRAP investigation
Date	--	20-Jun-2014	31-Dec-2014	--

► Satisfactory implementation of agreed action plan for institutional development and governance improvement (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	IDSAP and GAAP Endorsed	Y1 Target of IDSAP and GAAP endorsed: completed Y2 Target of Key consultant services procured: a few delayed Y3 Target of Studies completed: Delayed	Y1 Target of IDSAP and GAAP endorsed: completed Y2 Target of Key consultant services procured: a few delayed Y3 Target of Studies completed: Delayed with varying state of progress.	Assessment of IDSAP and GAAP results made
Date	--	20-Jun-2014	31-Dec-2014	--



► Roads constructed, non-rural (Kilometers, Core)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	160.00	192.00	269.00
Date	--	20-Jun-2013	31-Dec-2014	--

► Roads constructed, non-rural (Kilometers, Core)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	562.00
Date	--	20-Jun-2013	20-Jun-2013	--

► Land acquisition and resettlement implementation (a) land acquisition completed (phase I) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	33.00	55.00	--
Date	24-Feb-2011	20-Jun-2014	31-Dec-2014	--

Comments

Wt. Ave: 55%

98% for 270 km of roads (item-rate contracts).

30% for 300 km of roads (annuity concessions).

46% for 260 km of roads (item-rate contracts – Phase 2).

► LA and Resettlement Implementation- (a) Land acquisition completed (Phase I) (b) Key R&R assistance provided (alternative housing and livelihood support - Phase I) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	47.00	82.00	--
Date	24-Feb-2011	20-Jun-2014	31-Dec-2014	--

Comments

Wt. Ave: 82%



98% for 270 km of roads (item-rate contracts).
75% for 300 km of roads (annuity concessions).
72% for 262 km of roads (new item-rate contracts).



► LA and Resettlement Implementation (c) Improve the living standards (measured % PAFs with increase/restored income/assets) Phase I (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	--	--
Date	24-Feb-2011	20-Jun-2014	20-Jun-2014	--

Overall Comments

Data on Financial Performance

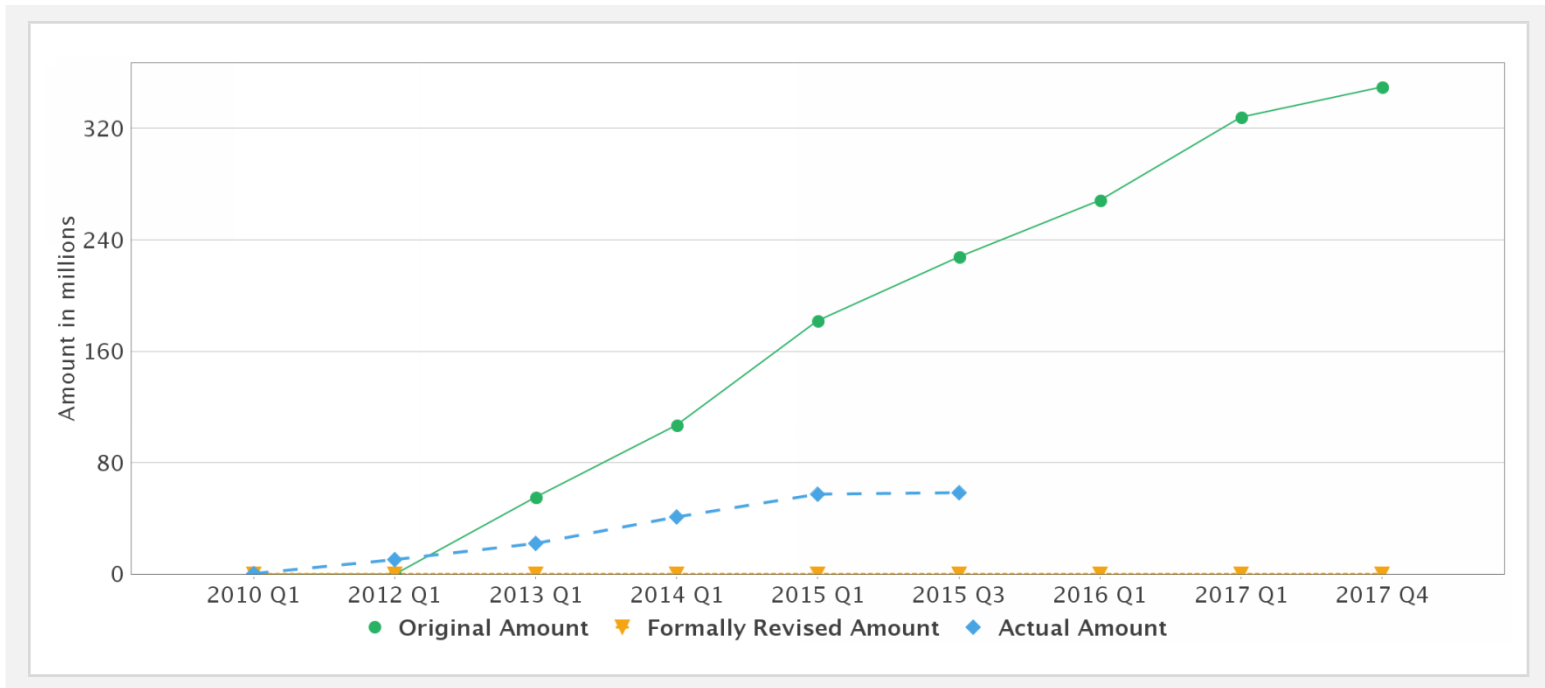
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P107649	IBRD-80220	Effective	USD	350.00	350.00	0.00	58.88	291.12	 17%
P107649	TF-92428	Closed	USD	0.44	0.18	0.26	0.18	0.00	 100%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P107649	IBRD-80220	Effective	24-Mar-2011	30-May-2011	19-Jul-2011	31-Dec-2016	31-Dec-2016
P107649	TF-92428	Closed	09-Jul-2008	09-Jul-2008	17-Jul-2008	29-Jun-2010	31-Dec-2010

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.