



<b>1. Project Data:</b>		<b>Date Posted :</b> 08/19/2002	
<b>PROJ ID:</b> P045600		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> States' Road Infrastructure Development Technical Assistance Project	<b>Project Costs (US\$M)</b>	68.00	56.94
<b>Country:</b> India	<b>Loan/Credit (US\$M)</b>	51.5	43.8
<b>Sector(s):</b> Board: TR - Sub-national government administration (99%), Central government administration (1%)	<b>Cofinancing (US\$M)</b>		0
<b>L/C Number:</b> L4114; LP224			
	<b>Board Approval (FY)</b>		97
<b>Partners involved :</b>	<b>Closing Date</b>	12/31/2001	12/31/2001
<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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<b>2. Project Objectives and Components</b>			
<b>a. Objectives</b>			
<p>The project's overall objective was to strengthen policy -based efforts by individual States towards effective reforms in the provision, financing and maintenance of road infrastructure, while assisting their preparation of high -priority quality road infrastructure investments aimed at Bank financing . The TA financing would assist each individual State to:</p> <p>a) prepare implementation plans for reforms for major sustainable policy and capacity improvements for the planning, financing, provision, maintenance and management of their road transport infrastructure;</p> <p>b) comprehensively prepare major road infrastructure rehabilitation and upgrading investment proposals, aimed at implementation with Bank financing and/or other external assistance;</p> <p>c) implement immediate capacity-building measures in each State's roads agency in project planning and management processes, systems, and technology, including improved attention to the needs of the environmental and social impact aspects of projects;</p> <p>d) develop appropriate measures for the improved facilitation of private sector roads investment; and</p> <p>e) implement measures aimed at increased privatization of roads engineering, construction and supervision services and road maintenance operations in the sector .</p>			
<b>b. Components</b>			
<p>i) <i>Project Preparation and Implementation Support</i> (\$48.88 million) : preparation of planned road infrastructure investments to meet Bank appraisal standards, and the final engineering, procurement and works bidding preparations for at least 25% of the intended project works, using internationally experienced project coordinating consultants (PCC) style services; early upgrading of the investment planning, procurement, implementation and management capacities of each State's public works department (PWD)/roads agency; transferring of international best practices via PCC services; and improvement of project implementation and management through training programs, pilot studies and demonstration projects .</p> <p>ii) <i>Policy Support and Institutional Development</i> (\$8.06 million) : development/implementation of medium to long term plans for sustainable roads sector policy, organizational, financial and management reforms, to strengthen the states' planning, financing and maintenance capacities in this sector, and facilitation of private sector participation; implementation of studies and action plans for improved and sustainable road maintenance funding, policy and standards; and development of plans for out-sourcing project design/engineering/ construction/works supervisions; and</p> <p>iii) <i>Project Management</i> (\$0) : consultancy services to assist the Department of Economic Affairs (DEA) in project management.</p> <p><i>Revised components:</i></p> <p>No component was revised but pilot studies and demonstration projects under component i ) were dropped due to lack of demand and \$4.2 million was reallocated to PCC services. Component iii) was not utilized.</p>			
<b>c. Comments on Project Cost, Financing and Dates</b>			
Actual IBRD disbursements were \$43.8 million against \$51.5 million planned at appraisal while actual government			

expenditure was \$13.14 million against the \$15.96 million at SAR. \$7.7 million dollars was cancelled at the request of the government in August 2001. The project closed on schedule on 31/12/2001.

### **3. Achievement of Relevant Objectives:**

While the impact of the project varied across the different states, its overall objectives were achieved as summarized below:

a) prepare implementation plans for reforms for major policy and capacity improvements : significantly achieved. The project has raised the profile of the road sector and brought its financial and institutional problems to the top of the agenda of political/ bureaucratic decision makers, and assisted in the reform process . According to the ICR, the institutional development studies supported by the project were unprecedented for the sector in India and would prove a valuable resource to state governments, external donors and the country as a whole . 8 states have finalized their institutional development strategies (IDS) and 5 of these states (beneficiaries of a follow on Bank funded investment loan) have started executing them. The impact has also spilled onto non Bank financed projects - some states have adopted procurement processes based on Bank standards, applied a pavement management system for periodic maintenance works, and contracted out rehabilitation, maintenance and supervision of core road networks using international standards of procurement . One state has established a working Road Fund, and 3 others have documented commitment to increasing levels of funding for road maintenance .

b) prepare road infrastructure investment proposals for Bank and external funding : significantly achieved. Seven of the proposals qualified for Bank funding - 5 approved and 2 others to be approved shortly after project close . All projects were prepared with proper consideration to economic, engineering, institutional, environmental and social issues, and the quality and efficiency of the project preparation process have significantly improved . Implementation quality of the follow on projects have been far better than previous highway projects in India with respect to disbursement rate, implementation of environmental and social safeguards, financial reporting, procurement and contract administration. Substantial project preparation undertaken in 4 states however did not translate into follow on projects due largely to change in state government priorities, PWD leadership, state fiscal constraints and the Bank's inability to process non human needs projects during 1998 - 2000, due to India's nuclear testing . The latter 4 states may qualify for India's Central Road Fund or other external funding sources .

c) capacity-building of road agencies in project planning and management processes : partially achieved. Skills transfer from the PCC services to PWD project preparation staff has been adequate, but technology and skills dissemination to non-project PWD staff has been mixed . Given the lack of incentives for PWD staff in acquiring skills (part of a larger civil service problem) capacity building of PWD staff remains problematic . ICR (7.1.3) stated much effort was put into preparing model environmental and resettlement and rehabilitation but it is not known to what extent this has been internalized by PWD staff .

d) & e) improved facilitation of private sector roads investment and increased privatization of roads engineering, construction, supervision and maintenance operations : achieved. While private sector financing of roads is still limited in India, a small number of states have established Road Development Corporations . The project has demonstrated the benefits of outsourcing and there has been considerable transfer of technology from international to domestic consultants . Included in the IDS studies of 11 states (versus a total of 6 targeted at appraisal) were the identification of reforms to facilitate private sector participation . For all states with follow on investment projects, a significant amount of the workload will be borne by private sector consultants and contractors . Six states have started outsourcing for planning, design, MIS and maintenance .

### **4. Significant Outcomes/Impacts:**

- Project has allowed for the capture of considerable economies of scale and the application of a standardized framework for preparation of highway sector projects in India . It has proven very cost effective given a modest \$53 million has facilitated returns of \$3.2 billion worth of investments .
- Network of senior sectoral experts from participating states has been established, allowing for sharing of experiences and which will raise the standard of all aspects of road asset management .
- Foundation has been laid for more effective management of the highways sector in at least 7 Indian states where there will be more efficient delivery of highway construction, maintenance and operation .
- Use of a Stakeholders Assessment Workshop which reflected the substantial development impact of the project .

### **5. Significant Shortcomings (including non-compliance with safeguard policies):**

- Role of DEA in providing "lessons based advice and support" to new state entrants as a medium of information exchange between states was not properly played out which was important in engendering a high degree of local project ownership .
- Technology transfer and skills development from PCC to PWD staff was less than anticipated .
- Considerable "disappointment" by states which had invested sizeable resources in commissioning of feasibility studies and project reports, which had not translated into follow on investment projects .
- Likely lower demonstration effect of project on non participating states .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome :</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Modest	Substantial	As reflected in sections 3 and 4, the project has made a significant contribution to the highway sector in India . The institutional development studies alone, supported by the project, recommended the policy and institutional reforms needed and developed explicit time bound action plans to implement them . The information generated by these studies form an invaluable resource to the states and country as a whole .
<b>Sustainability :</b>	Likely	Likely	
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Satisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

#### 7. Lessons of Broad Applicability:

- Technical assistance is most effective in supporting policy and institutional reforms when these reforms are linked to future investment support.
- The Bank's transport network does not have a sufficiently good, objectively verifiable and practical set of performance indicators for institutional reform . More resources could be devoted to the development of such indicators to better measure the impact of projects or their components designed to address institutional constraints.
- The Bank needs to seek ways of reducing the time frame of project preparation without compromising quality and preparedness at Board approval . Different lending instruments for infrastructure investment such as an Adaptable Program Loan may be an option .

#### 8. Assessment Recommended? ☒ Yes ☐ No

**Why?** Would be good to properly assess the full impact of the project on both participating and non participating states in India .

#### 9. Comments on Quality of ICR:

Quality of ICR is good. There should have been however more discussion of the environmental and social aspects of the TA as these formed part of the project objective c). The discussion of the achievement of objectives should also have been framed along the lines of that laid out in the Memorandum of the President There is also discrepancy between the original loan amount, the amount cancelled and final disbursement - it would have been useful for this discrepancy to have been clarified .