

# **AIDE MEMOIRE**

**NORTH EASTERN REGION CAPITAL CITIES DEVELOPMENT  
INVESTMENT PROGRAM  
REVIEW MISSION for L2528 AND L2834**

**13<sup>th</sup> - 24th May 2013**



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**I. INTRODUCTION**

**A. Background**

1. On 23 June 2009, ADB approved the Multitranches Financing Facility (MFF) for the North Eastern Region Capital Cities Development Investment Program (NERCCDIP) for an aggregate amount not exceeding \$200 million. A framework financing agreement (FFA) for the MFF was signed by the Government of India and Asian Development Bank (ADB) on 14 May 2009. The first periodic financing request (PFR) for \$30 million was approved on 1 July 2009 and the loan and project agreements were signed on 4 August 2009, which became effective on 19 November 2009. A second PFR amounting to \$72 million was approved by ADB on 16 December 2011 and loan and project agreements were signed on 19 November 2012.

2. ADB fielded a review mission (the Mission) for the MFF and Loans 2834 and 2528 from 13 to 24 May 2013<sup>1</sup>. The Mission met the Central Executing Agency, the Ministry of Urban Development (MOUD), State Investment Program Management and Implementation Units (SIPMIUs) of all five states under NERCCDIP, consultants - Project Management and Monitoring Consultants (PMMC), Design and Supervision Management Consultants (DSMCs), Institutional Development Consultants (IDCs) - and key contractors working in the field in 3 states. A kick-off meeting was held with the Additional Economic Advisor and officer-in-charge of NERCCDIP, MOUD, on 13 May. Wrap-up meetings were held with the Joint Secretary (UD), MOUD, Director (UD), and Director, DEA, on 24 May 2013. A list of persons met is included in Appendix 1. This aide-mémoire summarizes findings, agreements reached and recommendations of the Mission.

**B. Objectives of the Review Mission**

3. The main objectives of the review mission are:

- *Follow-up* on issues highlighted during the previous review missions.
- *Review physical and financial progress* for Projects 1 and 2, status of utilization of loan funds for Projects 1 and 2, status of contract awards and disbursement versus annual and project level projections; review and assess performance of contractors, consultants and other service providers; and status of compliance with FFA undertakings and loan covenants.

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<sup>1</sup> The Mission comprised Ms. Neeta Pokhrel, Urban Development Specialist/Mission Leader, Ms. Tatiana Gallego-Lizon, Principle Urban Development Specialist (attended meetings on 24 May), Mr. Pushkar Srivastava, Senior Project Officer (Urban) (attended meetings on 13, 15-16, and 24 May), Mr. Karni Singh Rathore, North East Project Support unit Team Leader (Consultant), and Mr. Pritam Kapur, Team Leader, Program Management and Monitoring Consultants (MOUD).

- Assess the effectiveness of, identify bottlenecks in and *streamline the communication flow, procurement decision making processes and funds disbursement processes* in order to improve project performance<sup>2</sup>;
- Discuss and agree on achievable *milestones for possible extension of funds availability period for the MFF*.

## II. PROJECT PROGRESS

### A. Progress and Implementation Status

4. **NERCCDIP Project 1 and 2 Implementation Status and Output Summary.** The overall status of implementation of all packages under Projects 1 and 2 is in Table 1 and 2, respectively, in Appendix 2. Overall, physical progress of subprojects under Project 1 ranges from around 34% in Kohima to 100% completion in Aizawl.<sup>3</sup> The summary output achievement to date for Part A is shown in Tables 3 and 4 of Appendix 2. For Part B, design, construction supervision and management consultancies are all underway. Institutional development activities in all states are ongoing - supported under Project 1 in Shillong and Agartala, and supported under Project 2 in Aizawl, Gangtok and Kohima.

### B. Use of Loan Funds

5. **Cumulative Contract Awards and Disbursement.** As reflected in ADB's mainframe, as of 9 May 2013, under Project 1, 11 out of 12 total contracts have been awarded for 94% of the loan (\$23.99). However, cumulative disbursements stand very low at \$9.73 million (38%) against time elapsed (56%). Under Project 2, 19 out of 36 total contracts have been awarded for 30% of the loan (\$21.78). However, disbursements stand at \$0.0 against time elapsed (31%)<sup>4</sup>.

**Table 1: Performance against Projected Contract Awards and Disbursements in 2013 To Date (\$ million)**

		Q1 2013			Q2 2013		
		Projected	Actual	%	Projected	Actual	%
Contract Awards	Project 1	0.043	-	0%	0.043	0.185	430%
	Project 2	13.960	7.443	53%	8.840	14.341	162%
Disbursements	Project 1	1.588	1.137	72%	1.688	-	0%
	Project 2	0.550	-	0%	2.330	-	0%

<sup>2</sup>In January 2013, ADB's Project Performance System rated Loan 2528-IND (NERCCDIP Tranche 1) as an 'Actual Problem' project. This was on account of underperformance on 2 out of the 5 rating parameters: slow disbursements and non-compliance with fiduciary covenants which require the submission of Audited Project Accounts (APAs) within 9 months of the end of the financial year, in this case 2011-2012 FY. The project still remains an 'actual problem' project. Project 2, as well as Project 1, are likely remain rated as such based on extremely slow disbursement under the projects.

<sup>3</sup> In Agartala, it is estimated around 65%, in Gangtok around 60% and in Shillong around 48%.

<sup>4</sup> Under both Projects 1 and 2, a substantial amount has been spent, claimed and yet to be claimed at each party – States and MOUD – which is yet to be submitted at CAAA/ ADB and hence not reflected here. See Table 2 for details.

### III. KEY ISSUES

#### A. Outstanding Issues from earlier Action Plans

6. An action plan was discussed and agreed from the last review mission's findings, however many critical actions agreed still remain outstanding. In particular, the Mission would like to highlight the issue of annual Audited Project Accounts (APAs) submission of Tripura, Sikkim as well as MOUD's consolidated APA for Project 1 still remain outstanding, which continues to hold the performance rating of the entire project at risk. The Mission would like to remind the concerned states and MOUD to expedite this issue immediately. It was also reminded that the 2012-2013 FY APAs from the states should be finalized before the end of June and sent to the respective Accountant General's office in time for finalization of audits, in order to avoid the same situation this year again.

7. Similarly, submission of consolidated quarterly progress reports (QPRs), under MOUD's responsibility, has remained consistently outstanding. All QPRs for Q1, Q2, Q3 and Q4 of 2012, as well as for Q1 of 2013, remain outstanding. It was agreed during the last review mission that the three QPRs for 2012 would be submitted before end 2012. As these are covenanted requirements, the Mission emphasized the need to adhere to their strict compliance. Consolidated QPRs should be submitted to ADB 1 month after completion of the quarter (i.e. 30 April, 31 July, 31 October and 31 January).

#### B. Assessment and Streamlining of Roles and Responsibilities of Stakeholders, Procurement, Disbursement and Communication Flows and Processes

8. In January 2013, ADB's Project Performance System rated Loan 2528-IND (NERCCDIP Project 1) as an 'Actual Problem' project. This was on account of underperformance on 2 out of the 5 rating parameters: slow disbursements and non-compliance with fiduciary covenants which require the submission of Audited Project Accounts (APAs) within 9 months of the end of the financial year, in this case 2011-2012 FY. The project still remains an 'actual problem' project. Further, almost all other submissions, covenanted and required under the loan agreements, remain outstanding under both Project 1 and Project 2 of NERCCDIP.

9. In 2012, Project 1 only achieved a disbursement of \$2.6 million, 42% of the \$6.20 million target set for achievement, and which represented only 8% of the total loan amount. To date cumulative disbursements stand under Project 1 stand very low at \$9.73 million (38%) against time elapsed (56%). Similarly, there has been no disbursement to date under Project 2 against significant time lapsed (31%), though 19 out of 36 total contracts have been awarded for 30% of the loan (\$21.78). Physical progress is extremely slow, as shown by the outputs delivered so far under Tranche 1. These are of great concern given the relative maturity, and only 3 years of implementation left, of the loans.

10. As discussed in earlier missions, most contract packages have suffered significant delays in procurement and many have undergone repeated rebidding. For instance, most contract packages under Project 2 have taken more than 1.4 years to finalize from the start of bidding, with some still unresolved and uncompleted. While the Mission understands the issue of low contractor participation in these states and high bid prices, which are quite common among other states that ADB is involved in, the inter-agency disagreements and discussions on achieving an acceptable cost estimate in the case of NERCCDIP seems to have been one of the main causes of delay. Such long drawn out discrepancies, and lack of clarity in the roles of various agencies in the procurement decision making processes, have not only resulted in

wastage of several months in the process and repeated rebidding, but caused risks of due procurement process not being followed, particularly in seeking prior approval from the relevant parties on the procurement decisions. That combined with communication channels not being clear also compound such situation, as was recently experienced in the case of procurement of civil works by Aizawl and Sikkim SIPMU<sup>5</sup>, basically arising from such situations of prolonged discrepancies, post tendering process, and lack of clear communication channels among stakeholders.

11. All stakeholders agreed that if systematic measures are not put in place soon to change this scenario, and streamline the processes, both loans will continue to be rated as 'actual problem' projects in the project performance rating in foreseeable future, and are highly unlikely to be finished within the agreed timeframe. The Mission, therefore, re-assessed all current processes on communication, procurement, disbursement and roles and responsibilities being practiced vis-à-vis the processes that were envisaged and agreed in the Framework Financing Agreement (FFA) for NERCCDIP, bottlenecks experienced over the last 4.5 years of project implementation, and discussed measures to streamline them for increased efficiency.

12. The implementation framework of the FFA (refer Schedule 3 of FFA, in particular paragraphs 3 and 4) and Schedule 5 of both loan agreements under NERCCDIP, rest the responsibility of all financial and administrative approvals, procurement, tenders, purchases, staff recruitment, post creation, consultant recruitment, land acquisition, and other similar matters squarely with the investment program empowered committee (IPEC) of the respective states. While this was being practiced for procurement approval since the beginning of the Investment Program, over the last two years the roles and responsibilities particularly on procurement matters seems to have been merged between MOUD and the States. Implementation and procurement decisions, such as reviewing, preparing and finalizing cost estimates for packages was never envisaged or agreed as IPPC's role under the FFA. This additional responsibility has added to the workload of IPPC and its Program Management and Monitoring Consultant (PMMC) while IPPC is already much shorter of resources required and agreed under the FFA<sup>6</sup> and has to depend on the Central Public Health and Environmental Engineering Organization (CPHEEO) for vetting the revised estimates. The process leads to significant delays as there are several back and forth communication between the State Investment Program Management and Implementation Units (SIPMIUs), IPPC and CPHEEO on queries and justifications. More so, this process takes place after the price bids have been opened, which is not desirable. During the entire period, the focus remains on finalizing the revised estimates, rather than on the decision whether the quoted price of the bidder is reasonable and acceptable for award.

13. The following streamlining measures were discussed and agreed, in accordance with roles and responsibilities assigned and outlined for each party under the FFA for NERCCDIP, as a way forward to ensure that performance is improved. Effectiveness of the streamlined and clarified processes will be re-assessed during the next review mission expected in November 2013, based on which decisions will be taken on how to move further on the projects.

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<sup>5</sup> A letter from MOUD was sent to ADB on 29 April 2013 expressing dismay on the no objection provided by ADB on three civil works contracts in Aizawl. Similar dismay was expressed by ADB on 3 May 2013 on knowledge of advice provided by MOUD to the SIPMIU contradicting the advice provided by ADB 5 months prior, without copy to ADB, on a contract in Sikkim.

<sup>6</sup> Refer Schedule 3, paragraph 6, where minimum agreed IPPC staff dedicated to the Investment Program is 5, to carry out purely the monitoring level and disbursement roles as outlined in the FFA. The much larger role that the IPPC seems to be currently burdened with, including procurement, would require at least three times the number of staff envisaged.

## A1. Communication

14. Based on earlier discussions with MOUD, it was agreed that the States would communicate directly with ADB seeking approval on various matters and vice versa, while MOUD will be copied. It has also been agreed that MOUD will copy ADB on all project matters that are being communicated to the States. In practice, this agreement has not been followed which has now led to many instances where either (i) parties are not informed of the communication between the other two, or (ii) parties receive conflicting advice from the approvers on the same matter, generally post the advice was issued by one of them. The three party approval/communication process seems to get dragged-out, generally taking months on any matter, and has proven to be counterproductive and leading all parties to ambiguous situations. Therefore, it was agreed to re-clarify and streamline all communication flow on NERCCDIP, as outlined in Figures 1, 2 and 3, in accordance with the each of their roles defined in Schedule 3 of the agreed FFA for the project Schedule 5 of the Loan(s) Agreement.

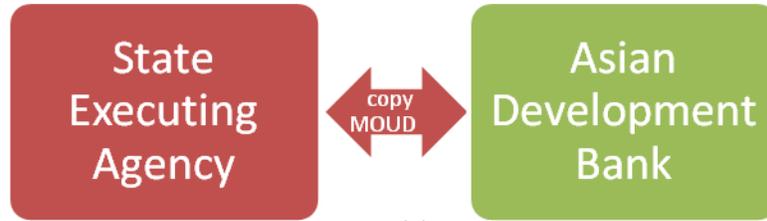
15. MOUD stressed the need for it to approve both the bids and any revision in its cost estimates in order to ensure that the Investment Program is being managed within agreed budgets. Therefore, the Mission agreed that bid documents, revision in cost estimates, and recommendations of bid evaluation committees would be submitted to ADB for no objection after receiving MOUD's concurrence. 2 week clearance rule should be adhered to by both ADB and MOUD on clearing all such requests.

**Figure 1: Agreed Communication Flow on Matters Requiring Approval or Submissions in Accordance with Roles Defined for the Central Level Executing Agency under the FFA and Schedule 5 of the Loan(s) Agreements**

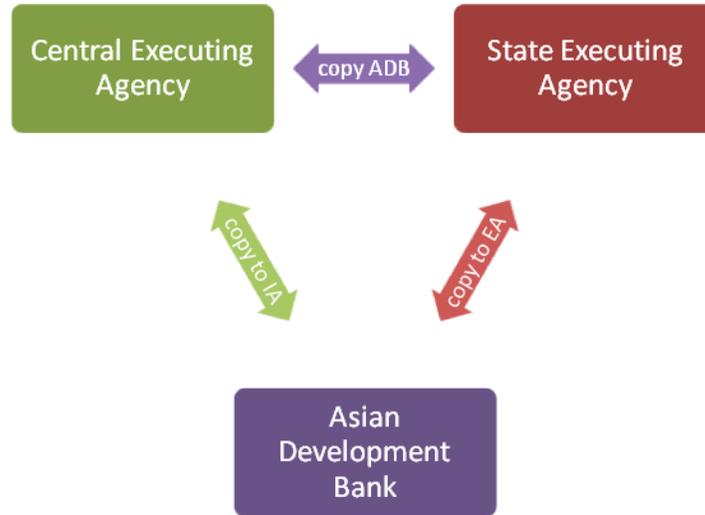


**Figure 2: Agreed Communication Flow on Matters Requiring Approval or Submissions in Accordance with Roles Defined for the State-level Executing Agencies under the FFA and Schedule 5 of the Loan(s) Agreements<sup>7</sup>**

<sup>7</sup> All bid submissions and any revision in cost estimates should be submitted to ADB for no objection after receiving MOUD's concurrence.



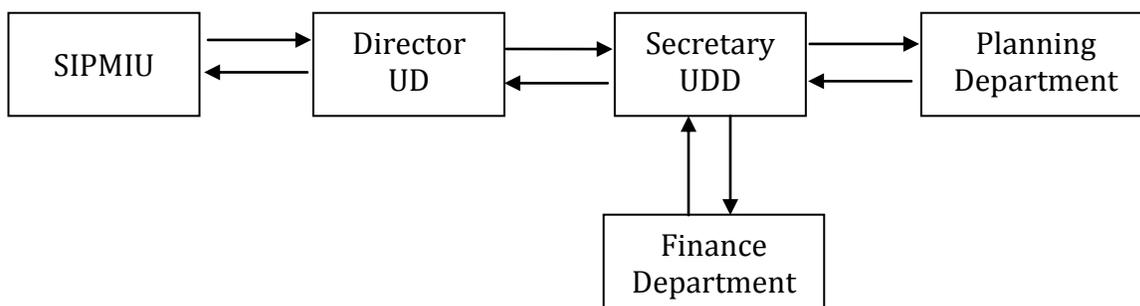
**Figure 3: Agreed Communication Flow on General Matters Requiring Information/ Consultation**



**A2. Disbursement**

16. The Mission noted that (i) there is a *large backlog of pending claims at the state-level as well as at MOUD*, and (ii) there is *an extremely alarming delay, on an average of 3- 8 months*, in funds release from most of the states to the project accounts, after the funds are received from MOUD. The Mission showed extreme concern on this issue as it has been hampering the project progress significantly and is in non-compliance with the loan agreements for NERCCDIP projects where it is stipulated that such fund flow must be carried out within a maximum of 30 days. For the first year of Project 1 implementation, funds were being released from MOUD to the project accounts directly, however this situation seems to have been changed over the last three years, and is now hampering the project progress significantly. Further, most of the states were found to be practicing an extremely cumbersome and lengthy approval process for the funds release, at the end of which funds are still not released. Figure 4 summarizes an example of such process for funds release from Kohima State to the Kohima SIPMIU's account.

**Figure 4: Current Funds Flow Approval Process from Kohima State to the Project Account**

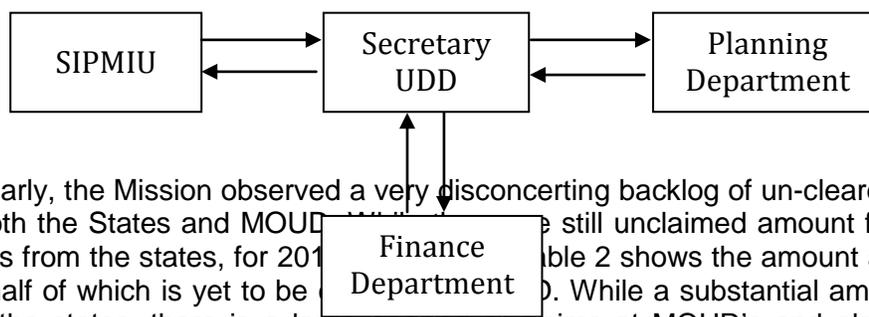


[Process explanation: After MOUD releases funds to the Kohima State Government, SIPMIU sends its proposal for release of funds to the Director, Urban Development (UD), who is the Drawing & Disbursing Officer (DDO) for the UD. The proposal for release of funds is then forwarded to the Department of Urban Development (UDD), who sends it onwards to Planning Department for clearance and thereafter for withdrawal authority from the Finance Department. Subsequently, the State Finance Department transfers funds to UDD, which then accords administrative approval and expenditure sanction to the Director, UD. The Director, UD, then draws the fund from the Treasury and releases the funds to SIPMIU account.]

17. The Mission requested the SIPMIUs and state authorities met to convey its extreme concern with regards to such alarming and unacceptable delays in fund release, which is also a non-compliance to loan agreements, to the higher authorities of the State Government. The Mission requests the State authorities to immediately address this issue in order to reassert the state governments' commitment to the Project, as agreed under the loan agreements under the NERCCDIP. The Mission would also like to draw the attention of the relevant authorities to the fact that such repeated non-compliance, if not resolved immediately, may force ADB to exercise extreme measures provided under the loan covenants such as suspension of disbursement of funds to the concerned state(s).

18. Both the Mission and MOUD agreed to explore possibilities of going back to the earlier exercise of funds being directly released to the Project account. The Mission would also explore the possibility of direct payment to the contractors. In the meantime, the Mission proposed that the states allow simplification in the system of withdrawal of fund, as shown in Figure 5, such that Directors, SIPMIU, may be made the DDO in order to get the fund directly withdrawn from the Finance Department, thus increasing the likelihood of the funds being released within 30 days and thus meeting loan covenant requirement.

**Figure 5: Example of Simplification in Funds flow approval process from States to the Project Accounts**



19. Similarly, the Mission observed a very disconcerting backlog of un-cleared/ un-submitted claims at both the States and MOUD. Table 2 shows the amount already spent by the States half of which is yet to be claimed by the states, there is a large backlog of claims at MOUD's end also. For instance, under Project 2, a total of \$3.4 million has already been claimed by the States to MOUD which MOUD is yet to clear and claim to CAAA. Additional amount has already been spent but is yet to be claimed by the States. Appendix 3 further summarizes the status of claims and releases under both Projects 1 and 2 for each of the states and MOUD.

**Table 2: Actual Expenditure from the SIPMIUs in 2013, Backlogged either at the States or MOUD (INR. Crores)<sup>8</sup>**

	<b>Agartala</b>	<b>Aizawl</b>	<b>Gangtok</b>	<b>Kohima</b>	<b>Shillong</b>
Project 1	2.44	2.22	1.71	3.17	0.846
Project 2	4.237	5.48	0.2	0.11	0.395

20. The Mission therefore requested all parties to strictly adhere to the monthly claims and clearance of all expenditures in order to avoid such large backlogs and risks arising from them. The States and MOUD have agreed to submit the claims for all outstanding amounts, to MOUD and CAAA, respectively, by 30 May 2013. Further, all parties agreed to adhere to the following practices for the next six months to assess if improvement in disbursement is achieved. If the disbursement achievement is still below the projected levels after adhering to these and the states releasing funds strictly within 30 days to the SIPMIUs, the disbursement arrangement for the loans will need to be further reassessed and revised measures will need to be introduced.

- (i) All SIPMIUs will issue a letter immediately to direct their contractors to submit their claims by the 3<sup>rd</sup> of every month, alerting to them the fact that if they haven't submitted by then the next processing of their claims would be delayed by another month. The DSCs of all SIPMIUs have been advised by the Mission to assist the SIPMIUs in ensuring this. DSCs must mobilize relevant experts in the field to assess these claims at the submission time every month.
- (ii) SIPMIU's will, with the help of DSCs, send the following to the MOUD by 10<sup>th</sup> of every month: (a) projected expenditures to be issued as advance from MOUD for the following month, and (b) SOE for the actual expenditures for the past month. SIPMIU's finance team, including DSMC's finance expert as required, must in the field during this period to prepare and submit these<sup>9</sup>;
- (iii) MOUD to release the approved funds, both projected advance and the replenishment as required to SIPMIUs on the submitted SOE on a monthly basis to ensure sufficient liquidity with the SIPMIUs to not be forced to withhold any payment to their contractors;
- (iv) State urban departments to ensure prompt release of the budgeted advance to the SIPMIU's imprest accounts, and that no payments meant for the project is withheld at the state-level at any time; and
- (v) MOUD to submit withdrawal applications to CAAA on a monthly basis, so that disbursement backlog is cleared at all ends, including ADB's, in a regularized manner.

### **A3. Procurement**

21. SIPMIUs will ensure strict compliance to ADB's procurement procedures and guidelines. In particular, all procurement packages under the NERCCDIP are subject to prior review of ADB, therefore, strict adherence will be observed in seeking no objection of ADB prior to making all procurement decisions. Including, among others, the Mission highlighted the following based on the clauses from ADB's *Procurement Guidelines* (2010, as amended from time to time):

<sup>8</sup> In addition a significant amount from 2012 is also backlogged either at the state or MOUD.

<sup>9</sup> Approval of contract variations, where deemed required, to be carried out in a timely manner.

- Clause 2.18 regarding deadline of submission of bids – *“If necessary, the deadline shall be extended. ADB shall receive a copy and be consulted for issuing a “no objection” when the contract is subject to prior review.”*
- Clause 2.64 – *“ADB’s prior approval shall be obtained before rejecting all bids, soliciting new bids, or entering into negotiations with the lowest evaluated bidder.”*
- Appendix 1, para. 2 (d) – *“If the borrower requires an extension of bid validity to complete the process of evaluation, obtain necessary approvals and clearances, and to make the award, it should seek ADB’s prior approval for the first request for extension, if it is longer than four weeks, and for all subsequent requests for extension, irrespective of the period.”*

22. To streamline the procurement approval process, the Mission advised that the following be adopted:

- cost of the contract package should be assessed based on the current market rates, during bid evaluation (prior to opening of the price bids) and any revision in cost estimates, if required, should also be done prior to opening of financial bid;
- all revisions in cost estimates must be approved by MOUD;
- SIPMIUs and DSMCs must ensure that price assumptions for revision are supported by documents, if not of SOR;
- while preparing the price bid evaluation report, under the section “Reasonableness of price of lowest evaluated bidder”, the price quoted by the lowest evaluated substantially responsive bidder should be compared with the engineer’s estimate, as well as the cost of the contract package based on the current market rates. The decision to award / request for negotiations / reject and request for rebid should be accordingly made by the IPEC, submitted to MOUD for vetting and then submitted to ADB for consideration. The entire bid evaluation process should be completed well within the bid validity period;
- sufficient efforts must be exercised by all states in improving bidder participation.

23. The Mission also analyzed the issue of high tender premiums and repeated bid failures, which has adversely affected the project implementation progress. This issue has been addressed to a great extent under Project 1 by repackaging of contract package after better understanding of the local capacities of potential bidders as well as better advertising. Project 2, however, remains affected by this issue, much as many other ADB financed projects in India. The Mission advised wider advertisements, organization / participation in business opportunity seminar and better dissemination of bid documents to prospective bidders through web, to address this issue. The Mission also reiterated the time-tested and internationally accepted procurement procedures adopted by multilateral agencies in terms of its equal opportunity, transparency, efficiency, economy and competitiveness should be respected.

24. In an effort to award contracts at estimated costs, IPCC in recent communications to the States, have again suggested possible adoption of Force Account procedures to award contracts directly to NBCC or State Departments. The Mission reiterated, as also noted in the last review missions, that they may not be an acceptable mode of procurement under ADB’s procurement policies and guidelines, and may lead to situations of conflicting interest. The Mission requested IPCC to seek ADB’s views on case by case basis prior to giving such advice to the States.

## C. Summary of State-wise Discussions and Action Plans

### C.1 Agartala

	<b>Action/ Activity</b>	<b>Responsibility</b>	<b>Agreed Timeframe</b>
1	Clarify, complete and resubmit the APA for FY 2011/2012 for Agartala	SIPMIU Agartala	22 May 2013
2	Issue instruction letter to all contractors directing them to submit their claims by the 3 <sup>rd</sup> of <u>every month</u> , alerting to them the fact that if they haven't submitted by then the next processing of their claims would be delayed by another month	SIMPU, with support of DSMC	22 May 2013
3	Mobilize a finance expert, CA, from DSC who will spend at least 15 days a month in the field. CV to be shared with ADB for no objection	DSMC, SIPMU	30 May 2013
4	Depute a full-time government Finance Officer, well versed with IT, and preferably with experience on externally funded project accounting, fully dedicated for the Project	State Government	30 June 2013
5	Obtain and process all outstanding claims from the contractors, if any, and submit all outstanding SOEs until 30 April 2013 to MOUD, including expenditure projection until 30 May, and request for advance on the same.	SIPMU with support from DSMC	22 May 2013
6	Release allocated budget advance from the state for SIPMU	State Government	30 May 2013
7	Provide status and suggested measures to be taken to address iron removal from the project funded tube wells. Ensure that water is not supplied to the public from project tube wells until such measures are implemented;	SIPMU, DSMC	22 May 2013
8	Complete and submit APA for FY 2012/2013 to auditor;	SIMPU, with DSMC finance expert's help	30 May 2013
9	Submit for approval the draft amendment to the Municipal Act regarding unit area based introduction of property tax to the legislative assembly <sup>10</sup> ;	State Government	15 June 2013
10	Submit monthly (i) advance request based on projection of next month's expenditures and (ii) SOE for the month's actual expenditures;	SIPMU, DSMC <sup>11</sup>	On 10 <sup>th</sup> of every month, ADB to be sent a copy for information.
11	Complete bid assessment of WS-06, bid closing date 31 <sup>st</sup> May, expeditiously.	SIPMU, with DSMC's support	Technical bid evaluation to be submitted to ADB by 30 June

<sup>10</sup> The draft was approved by the Agartala Municipal Corporation in December 2012.

<sup>11</sup> The DSC must mobilize relevant experts in the field for the first 10 days of every month to assess contractor's claim and assist SIPMU in preparing the submission to MOUD.

	<b>Action/ Activity</b>	<b>Responsibility</b>	<b>Agreed Timeframe</b>
12	Seek from all contractors, along with their monthly claims, (i) summary of physical progress and projections of progress for the upcoming month, (ii) identification of possible bottlenecks and licenses, clearances, foreseen for the upcoming month, (iii) manpower and equipment deployment plans for the upcoming month; review, monitor and share the same with ADB and PMMC.	DSMC	monthly
13	Plan and deploy relevant experts in the field to prepare QPRs, and semi-annual social and environmental safeguards report. An update on the status of activities under the Gender Action Plan should be included in the semi-annual social safeguards monitoring report.	DSMC	Quarterly and six monthly.
14	Nominate environmental and social safeguards officers of SIPMU for the training provided by INRM in the first week of July 2013	SIPMU	30 May 2013
15	Assess whether any initial environmental examinations or resettlement plans approved for Project 2 need to be revised and updated following completion of detailed project reports. Copies should be submitted to ADB for review and endorsement, and reflect the same in the EMPs of the contractors, which should also be submitted for approval.	SIMPIU, DSMC	30 June 2013

2. **Request to include a new water supply package under Project 2:** Agartala SIPMU requested that the water supply package for the central zone, for which DPRs were almost complete and safeguards compliance assessments were already reviewed and cleared during the processing of Project 2 (but was dropped at the last minute due to delays in finalizing of DPR), be considered in Project 2 using the unallocated balance under Project 2. The Mission advised that upon receipt of a request for its inclusion, through MOUD, along with supporting approved DPR, environmental and social safeguards compliance documents, as outlined in Schedule 4 of the FFA, ADB will review and advise the government accordingly.

3. **Meeting with major contractors:** The Mission also met with all three key contractors currently working under Project 2, Ramky Infrastructure Ltd. (Contract value Rs. 28.97 Crore), ITD-ITD CEM Joint Venture (Contract value Rs. 39.88 Crore) and Jaihind Projects Limited (37.88 Crore), to emphasize the need to expedite works speedily in order make up for lost time and the need to clear and submit claims on a monthly basis. In all three contracts there was a delay of around 5 months for mobilization. The reasons provided by the contractors included: (i) delay in issuing EC certificate by the SIPMU<sup>12</sup>, and (ii) delay in obtaining required licenses, and (iii) delay in conducting site-specific preparatory works. The Mission advised the SIPMU to invite the top representatives of all key contractors for progress meeting in Agartala every quarter to address such delays. The Mission also advised the DSC to seek, on a monthly basis, the following from the contractors along with their monthly claims: (i) summary of physical progress

<sup>12</sup> SIPMU has agreed to issue it by 18 May 2013.

and projections of progress for the upcoming month, (ii) identification of possible bottlenecks and licenses, clearances, foreseen for the upcoming month, (iii) manpower and equipment deployment plans for the upcoming month. The Mission requested the DSC to share these with ADB and PMMC for information and monitoring for the next six months.

## C2. Aizawl

	<b>Action/ Activity</b>	<b>Responsibility</b>	<b>Agreed Timeframe</b>
1	Issue instruction letter to all contractors directing them to submit their claims by the 3 <sup>rd</sup> of <u>every month</u> , alerting to them the fact that if they haven't submitted by then the next processing of their claims would be delayed by another month	SIPMIU, with support of DSMC	23 May 2013
2	Submit a note to MOUD, with a copy to ADB, with suggested measures on synchronizing the STP works with the sewerage network in order to obtain their no objection to start bidding on the package	SIPMIU, DSMC	30 May 2013
3	Submit to SSC the recommendation to rebid on the sewerage network, and submit to ADB the bid documents, or the confirmation that the bid documents remain unchanged and seek no objection for rebidding, immediately upon receiving their concurrence.	SIPMIU, DSMC	30 May 2013
4	Provide a status and roadmap (with key milestones over the next six months' period) for the remaining activities on agreed reforms under NERCCDIP for the State	SIPMIU, IDC	15 June 2013
5	Submit all outstanding SOEs until 30 April 2013 to MOUD, including expenditure projection until 30 May, and request for advance on the same.	SIPMU with support from DSMC	23 May 2013
6	DSMC to complete all outstanding DPRs and mobilize the environmental safeguards expert	DSMC	15 June 2013
7	Complete and submit APA for FY 2012/2013 to the auditor;	SIPMU	30 May 2013
8	Submit to MOUD monthly (i) advance request based on projection of next month's expenditures and (ii) SOE for the month's actual expenditures;	SIPMU, DSMC <sup>13</sup>	On 10 <sup>th</sup> of every month, ADB to be sent a copy for information.
9	Seek from all contractors, along with their monthly claims, (i) summary of physical progress and projections of progress for the upcoming month, (ii) identification of possible bottlenecks and licenses, clearances, foreseen for the upcoming month, (iii) manpower and equipment deployment plans for the upcoming month; review, monitor and share the same with	SIPMIU, DSMC	monthly

<sup>13</sup> The DSC must mobilize relevant experts in the field for the first 10 days of every month to assess contractor's claim and assist SIPMU in preparing the submission to MOUD.

	<b>Action/ Activity</b>	<b>Responsibility</b>	<b>Agreed Timeframe</b>
	ADB and PMMC.		
10	Assess whether any initial environmental examinations or resettlement plans approved for Project 2 need to be revised and updated following completion of detailed project reports. Copies should be submitted to ADB for review and endorsement, and reflect the same in the EMPs of the contractors, which should also be submitted for approval.	SIMPIU, DSMC	30 June 2013
11	Plan and deploy relevant experts in the field to prepare QPRs, and semi-annual social and environmental safeguards report. An update on the status of activities under the Gender Action Plan should be included in the semi-annual social safeguards monitoring report.	DSMC	Quarterly and six monthly.
12	Nominate the social and environmental safeguards officers from the SIPMU to attend the upcoming training in Delhi provided by INRM (first week of July 2013).	SIPMIU	15 June 2013
13	Submit request to ADB for reallocation of funds for DSMC contract	SIPMIU	30 May 2013

### **C3. Kohima**

	<b>Action/ Activity</b>	<b>Responsibility</b>	<b>Agreed Timeframe</b>
1	Issue instruction letter to all contractors directing them to submit their claims by the 3 <sup>rd</sup> of <u>every month</u> , alerting to them the fact that if they haven't submitted by then the next processing of their claims would be delayed by another month	SIPMU, with support of DSMC	22 May 2013
2	Obtain and process all outstanding claims from the contractors, and submit SOEs until 30 April 2013 to MOUD, including expenditure projection until 30 May and request for advance on the same.	SIPMU with support from DSMC	22 May 2013
3	Immediately release pending payment from the state government to SIPMU	Finance Department	15 June 2013
4	Provide arrangements on passing the Project payments directly to SIPMU's account strictly complying with the Loan Covenant by adhering to <u>30 days</u> for funds release from the state to the Project account <sup>14</sup>	State Government	15 June 2013

<sup>14</sup> The Mission conveyed extreme disappointment and highlighted the violation of Loan Covenant on funds release from the state to the Project Account (maximum of 30 days). It has been a recurrent violation over the last few years as the funds have in general taken more than 3 months, leaving the projects unable to process any payment and unable to progress work.

	<b>Action/ Activity</b>	<b>Responsibility</b>	<b>Agreed Timeframe</b>
5	Submit to MOUD monthly (i) advance request based on projection of next month's expenditures and (ii) SOE for the month's actual expenditures;	SIPMU, DSMC <sup>15</sup>	On 10 <sup>th</sup> of every month, ADB to be sent a copy for information.
6	Provide Mobilization advance to Tantia Construction on the new water supply contract under Project 2	SIPMU	30 June 2013
7	Provide all clearances to the new contractor	SIPMU, DSMC	30 June 2013
8	Seek from all contractors, along with their monthly claims, (i) summary of physical progress and projections of progress for the upcoming month, (ii) identification of possible bottlenecks and licenses, clearances, foreseen for the upcoming month, (iii) manpower and equipment deployment plans for the upcoming month; review, monitor and share the same with ADB and PMMC.	DSMC	monthly
9	Provide updated designs on refurbishment of existing water treatment plant to AbhiramInfraprojects Pty Ltd, the existing water supply contractor under Project 1, and connect electricity to the plant to enable works commencement on refurbishment of the plant	DSMC, SIPMU	30 June 2013
10	Approval of Accounting Manual and notification for shifting to double entry accounting system	Finance Department	30 July 2013
11	Approve the draft amendments to the Act for introduction of Property Tax by Unit Area Method	Finance and Law Department	30 November 2013
12	Drafting of Recruitment and Service Rules and Submission to the KMC	SIPMU	31 September 2013
13	Plan and deploy relevant experts in the field to prepare QPRs, and semi-annual social and environmental safeguards report. An update on the status of activities under the Gender Action Plan should be included in the semi-annual social safeguards monitoring report.	DSMC, PMMC	Quarterly and six monthly.
14	Assess whether any initial environmental examinations or resettlement plans approved for Project 2 need to be revised and updated following completion of detailed project reports. Copies should be submitted to ADB for review and endorsement, and reflect the same in the EMPs of the contractors, which should also be submitted for approval.	SIMPIU, DSMC	30 June 2013
15	Provide a status and roadmap (with key milestones over the next six months' period) for	SIMPIU, IDC	15 June 2013

<sup>15</sup> The DSC must mobilize relevant experts in the field for the first 10 days of every month to assess contractor's claim and assist SIPMU in preparing the submission to MOUD.

	Action/ Activity	Responsibility	Agreed Timeframe
	the remaining activities on agreed reforms under NERCCDIP for the State		

2. **Non-compliance with Funds Flow Covenant Under Loan Agreements:** The Mission conveyed extreme disappointment and highlighted non-compliance to loan covenants on funds release from the state to the Project Account (maximum of 30 days) that has been recurring for the past few years, leaving the project unable to process any payment and unable to progress work. The Mission requested to convey this immediate concern and non-compliance to the high level authorities in the State Government to reassert commitment to the Project, as agreed under the loan agreements under the NERCCDIP, by immediately addressing the funds release issue within the next two months. ADB plans to field another mission by then, and trusts to see this issue completely resolved by then. The Mission would also like to draw the attention of the relevant authorities to the fact that such repeated non-compliance, if not resolved immediately, may force ADB to exercise extreme measures provided under the loan covenants such as suspension of disbursement of funds.

8. **Meeting with major contractors:** The Mission visited the sites and met with both key contractors currently working under Project 1, Ramky Infrastructure Ltd. (Contract value Rs. 39.11 Crore) and Abhiram Infraprojects Pty Ltd (Contract value Rs. 7.63 Crore), to emphasize the need to expedite works speedily in order to make up for lost time and the need to clear and submit claims on a monthly basis. Both contracts suffered and continue to suffer from pending payments (as SIPMU is unable to pay due to the State not releasing funds for months). The Mission advised the SIPMU to invite the top representatives of all key contractors every quarter for progress meeting in Kohima to discuss progress and conduct forward planning. The Mission also advised the DSC to seek, on a monthly basis, the following from the contractors along with their monthly claims: (i) summary of physical progress and projections of progress for the upcoming month, (ii) identification of possible bottlenecks and licenses, clearances, foreseen for the upcoming month, (iii) manpower and equipment deployment plans for the upcoming month. The Mission requested the DSC to share these with ADB and PPMC for information and monitoring for the next six months.

#### C4. Shillong

	Action/ Activity	Responsibility	Agreed Timeframe
1	Issue instruction letter to all contractors directing them to submit their claims by the 3 <sup>rd</sup> of <u>every month</u> , alerting to them the fact that if they haven't submitted by then the next processing of their claims would be delayed by another month	SIPMU, with support of DSMC	22 May 2013
2	Complete and submit the bid documents for approval to MOUD and ADB on household bins send the reports for approval	SIPMU, with DSMC's support	30 May 2013
3	Obtain and process all outstanding claims from the contractors, if any, and submit all outstanding SOEs until 30 April 2013 to MOUD, including expenditure projection until 30 May, and request for advance on the same.	SIPMU support with DSMC from	22 May 2013

	<b>Action/ Activity</b>	<b>Responsibility</b>	<b>Agreed Timeframe</b>
4	Nominate the social and environmental safeguards officers from the SIPMU to attend the upcoming training in Delhi provided by INRM (first week of July 2013).	SIPMU	30 May 2013
5	Submit to MOUD monthly (i) advance request based on projection of next month's expenditures and (ii) SOE for the month's actual expenditures;	SIPMU, DSMC <sup>16</sup>	On 10 <sup>th</sup> of every month, ADB to be sent a copy for information.
6	Seek from all contractors, along with their monthly claims, (i) summary of physical progress and projections of progress for the upcoming month, (ii) identification of possible bottlenecks and licenses, clearances, foreseen for the upcoming month, (iii) manpower and equipment deployment plans for the upcoming month; review, monitor and share the same with ADB and PMMC.	DSMC	monthly
7	Plan and deploy relevant experts in the field to prepare QPRs, and semi-annual social and environmental safeguards report. An update on the status of activities under the Gender Action Plan should be included in the semi-annual social safeguards monitoring report.	DSMC	Quarterly and six monthly.
8	Complete the DPR on the proposed new subproject requested for inclusion under Project 2, including its social and environmental safeguards documentation, and ensuring its compliance with the requirements under Schedule 4 of the FFA, and submit to MOUD for review and forwarding to ADB with request for funding under Project 2 using uncommitted funds.	SIPMU, with DSMC's support	30 May 2013
11	Assess whether any initial environmental examinations or resettlement plans approved for Project 2 need to be revised and updated following completion of detailed project reports. Copies should be submitted to ADB for review and endorsement, and reflect the same in the EMPs of the contractors, which should also be submitted for approval.	SIMPIU, DSMC	30 June 2013

1. **Authority of Project Director and SIPMU:** Shillong SIPMU shared their disappointment that the delegation of authority given to the Project Directors and SSCs are being undermined by asking the Urban Secretaries to sign off on small matters such as changes in cost estimates by MOUD. Mission requested all parties to review the roles and responsibilities, and authorities and delegation of powers assigned to each project implementing entity/ stakeholder, as outlined under Schedule 3 of the agreed FFA for NERCCDIP and Schedule 5 of both loans agreements.

<sup>16</sup> The DSC must mobilize relevant experts in the field for the first 10 days of every month to assess contractor's claim and assist SIPMU in preparing the submission to MOUD.

**C5. Gangtok**

	<b>Action/ Activity</b>	<b>Responsibility</b>	<b>Agreed Timeframe</b>
1	Clarify, complete and resubmit the APA for FY 2011/2012 for Sikkim	SIPMU	22 May 2013
2	Issue instruction letter to all contractors directing them to submit their claims by the 3 <sup>rd</sup> of <u>every month</u> , alerting to them the fact that if they haven't submitted by then the next processing of their claims would be delayed by another month	SIMPU, with support of DSMC	22 May 2013
3	Depute a full-time government Finance Officer, well versed with IT, and preferably with experience on externally funded project accounting, fully dedicated for the Project	State Government	30 June 2013
4	Confirm and practice delegation of power to the SIPMU <sup>17</sup> as agreed under the loans and project agreements for NERCCDIP projects	State Government	15 June 2013
5	Confirm, as agreed under the loans and project agreements for NERCCDIP projects, that the Project Director for SIPMU Gangtok is dedicated full-time for the NERCCDIP projects and is freed from other duties	State Government	15 June 2013
6	Ensure that the State Steering Committee (SSC) meetings are being conducted on a quarterly basis and share the minutes of the meetings with ADB and MOUD	State Government, SIPMU <sup>18</sup>	quarterly
7	Appoint, as agreed under the agreements for NERCCDIP, social safeguards and environmental officers for the SIPMU	State Government	15 June 2013
8	Nominate the new social and environmental safeguards officers from the SIPMU to attend the upcoming training in Delhi provided by INRM (first week of July 2013).	SIPMU	15 June 2013
9	Obtain and process all outstanding claims from the contractors, if any, and submit all outstanding SOEs until 30 April 2013 to MOUD, including expenditure projection until 30 May, and request for advance on the same.	SIPMU with support from DSMC	22 May 2013
10	Complete and submit APA for FY 2012/2013 to the auditor;	SIMPU, with DSMC finance expert's help	30 May 2013
11	Submit to MOUD monthly (i) advance request based on projection of next month's	SIPMU, DSMC <sup>19</sup>	On 10 <sup>th</sup> of every month, ADB to

<sup>17</sup> Though authority has been issued to PD SIPMU to deal with implementation matters, certify payments, in practice it is still being sent at very high levels in the State for approval. This is against the agreements with ADB and Government of India on NERCCDIP, and is affecting the progress on the project, and needs to be rectified immediately.

<sup>18</sup> SIPMU, as the Secretary of SSC, is in charge of calling the meetings, preparing and sharing the meeting minutes with all stakeholders on a quarterly basis.

<sup>19</sup> The DSC must mobilize relevant experts in the field for the first 10 days of every month to assess contractor's claim and assist SIPMU in preparing the submission to MOUD.

	<b>Action/ Activity</b>	<b>Responsibility</b>	<b>Agreed Timeframe</b>
	expenditures and (ii) SOE for the month's actual expenditures;		be sent a copy for information.
12	Complete all technical and financial bid evaluation of the remaining packages under Project 2 and send the reports for approval	SIPMU, with DSMC's support	30 May 2013
12	Seek from all contractors, along with their monthly claims, (i) summary of physical progress and projections of progress for the upcoming month, (ii) identification of possible bottlenecks and licenses, clearances, foreseen for the upcoming month, (iii) manpower and equipment deployment plans for the upcoming month; review, monitor and share the same with ADB and PMMC.	DSMC	monthly
13	Plan and deploy relevant experts in the field to prepare QPRs, and semi-annual social and environmental safeguards report. An update on the status of activities under the Gender Action Plan should be included in the semi-annual social safeguards monitoring report.	DSMC	Quarterly and six monthly.
14	Assess whether any initial environmental examinations or resettlement plans approved for Project 2 need to be revised and updated following completion of detailed project reports. Copies should be submitted to ADB for review and endorsement, and reflect the same in the EMPs of the contractors, which should also be submitted for approval.	SIMPIU, DSMC	30 June 2013

3. **Request for an update from the State Government:** The Mission requested SIPMU to convey outstanding issues/ actions highlighted in actions 3-7 above to the highest authorities of the State Government and requested to provide a status update on these actions by 30 May 2013.

#### **D. Summary of IPPC Discussions and Action Plan**

25. Several follow-up actions need to be taken by IPCC to address the outstanding submissions, streamline the processes and accelerate and promote efficient, effective, and sustainable accomplishment of project outputs. The Mission requests MOUD to take a lead in organizing a meeting between the high level state government officials and MOUD to address the streamlining measures agreed and share the proposed risk sharing strategies between MOUD and the states.

26. The Mission reiterated the urgency of submitting outstanding documents immediately by the IPCC, which are as follows:

<b>Project Administration Action</b>	<b>Responsibility</b>
• Submission of Q1-Q4 2012, and Q1 2013, QPRs	MOUD

• Submission of MOUD and consolidated audited project accounts	MOUD
• Submission of latest semiannual social monitoring reports	MOUD
• Submission of all pending reimbursement requests to CAAA/ ADB	MOUD

27. **Safeguards Updating and Monitoring.** As repeatedly requested in earlier missions, and also covenanted, safeguards monitoring reports must be sent electronically twice a year for environment and social safeguards, as these need to be disclosed in ADB's webpage on a timely manner. It was agreed that only the consolidated reports will be submitted to ADB, rather than individual reports by the states, by MOUD. The dates agreed submission of environmental and social safeguards reports have been made to coincide with 2 QPR dates (on or before 31 October and on or before 31 May). It was also agreed that **PMMC's relevant experts will visit each of the states to review and collate these, as well as the QPRs, with the SIPMU and DSMC, in order to ensure their timely submission.** SIPMIU's and PMMC were reminded to provide/include update of progress achieved against the gender action plan in each of their semi-annual social safeguards reports.

28. **BME Monitoring.** PMMC was requested to provide progress update of BME as agreed under the loans agreements for both the projects by 30 June 2013.

29. **MOUD Resource Shortage and Additional Consulting Support.** The Mission shared its concerns and requested MOUD to immediately address the resource gap in IPPC for the Program. Schedule 3 of the FFA and Schedule 5 of both the loan agreements under NERCCDIP envisage 5 but stipulate a minimum of 3 dedicated full-time officers for the project besides the dedicated full-time project manager. The Mission agreed to consider request for two individual consultants under the loan, for 36 person-months each and using the savings under the uncommitted funds in Project 2, in order to support the accounting and administration of the projects in MOUD. MOUD will convey further and submit terms of reference of such consultants, as deemed appropriate, by 30 June 2013.

#### IV. OTHER ISSUES

30. **MFF Funds Availability Period.** MOUD, through the Department of Economic Affairs (DEA), has requested an extension of the loan availability period under the Financing Framework Agreement (FFA) of this MFF from 30 June 2016 to June 2019. While Project 2 may be completed within the current availability period, it is unlikely that works and disbursements under a subsequent tranche will be completed. The FFA also states that the "last financing tranche is expected to be executed no later than 31 December 2012". This date also needs to be revised to 31 December 2014, to match the revised tranche processing schedule. Milestones for progress until the next six months have been agreed with the state governments for processing of such an extension so that all stakeholders are assured of improved pace of implementation and project performance (Table 3). The states will closely monitor and ensure progress in order to achieve these targets so that ADB review mission in November can request for processing of the MFF funds availability request to ADB management.

**Table 3: Agreed 6 Monthly Progress Targets<sup>20</sup> for Extension of MFF Funds Availability Period (Rs. Crores)**

<sup>20</sup> Provided by the States as Milestones until 30 November.2013

	<b>Agartala</b>	<b>Aizawl</b>	<b>Gangtok</b>	<b>Kohima</b>	<b>Shillong</b>
Project 1 Disbursement	1.36	1.22	6.5	16.68	2.5
Project 2 Contract Award	2.8	102.6	43.77	0	1.98
Project 2 Disbursement	22	12.76	6.4	4.32	2.07
No outstanding submissions/ covenants under both the Loan Agreements, i.e., APAs, QPRs, semi-annual safeguards monitoring reports.					

31. **Tranche 3.** While actual scheduling would be subject to project readiness and government priorities, for the purpose of programming, the Mission suggested to review the preparedness of the States for Tranche 3 in the next ADB review mission in November 2013.

32. **Sharing of Lessons and Good Practices from Shillong on Community Mobilization and Gender Sensitization on Solid Waste Management and Other Project Components.** The Mission requested both Aizawl and Kohima SIPMUs to liaise with Shillong SIPMU to organize a visit to Shillong of their relevant staff and consultants in charge of community mobilization and gender sensitization to share the good measures and lessons learnt from Shillong on these aspects, so that such good practices can also be replicated in Kohima and Aizawl.

## V. ACKNOWLEDGEMENTS

33. The Mission wishes to thank MOUD and the SIPMIUs in all 5 project States for their hospitality, assistance and insights provided. Findings and recommendations contained in this Aide Memoire were discussed at a wrap-up meeting with Director, MOUD and Director, DEA, on 24 May 2013. A pre-wrap up meeting with MOUD's Joint Secretary (Urban) and Director (UD) was held on 24 May, and State-level pre-wrap up meetings with SIPMIUs (Agartala, Aizawl, Gangtok, Kohima and Shillong) were held at the completion of visit to the respective states<sup>21</sup>.

Draft discussed at wrap –up meetings in Delhi on 24 May 2013  
Finalized on 14 June 2013



Neeta Pokhrel  
Urban Development Specialist  
Asian Development Bank

<sup>21</sup> Discussions with key SIPMIU Officials and consultants from Shillong and Gangtok were held in Guwahati.

**APPENDIX 1: LIST OF PERSONS MET****Government of India**

- |                   |                                    |
|-------------------|------------------------------------|
| 1. Ashok Singhvi  | Joint Secretary, UD, MOUD          |
| 2. Puneet Agarwal | Director (ADB-I), DEA-MOF          |
| 3. Nandita Mishra | Additional Economic Advisor, MOUD  |
| 4. Pramod Kumar   | Director UD, MOUD                  |
| 5. Yogesh Goel    | Consultant (Admin & Finance), MOUD |
| 6. Pritam Kapur   | Team Leader, PMMC                  |

**Government of Meghalaya**

- |                     |   |
|---------------------|---|
| 1. B. Dutta         | Project Director, Shillong SIPMIU       |
| 2. K. Kharumnuid    | Add'l Project Director, Shillong SIPMIU |
| 3. D. Roy Chowdhury | Team Leader, DSMC (Shillong)            |

**Government of Mizoram**

- |                 |  |
|-----------------|--|
| 1. R. L. Riawma | Secretary, Urban Development and Poverty Alleviation |
| 2. Valbuanga    | Project Director, Aizawl SIPMIU                      |

**Government of Nagaland**

- |                    |   |
|--------------------|---|
| 1. Zhaleo Rio      | Parliamentary Secretary (Urban Development) |
| 2. Mr. Kezo        | Finance Department                          |
| 3. K. Haralu       | Project Director, Kohima                    |
| 4. Nell Vasa       | Deputy Project Director, Kohima SIPMIU      |
| 5. B. Abdul Majeed | Team Leader, DSMC (Kohima)                  |
| 6. A. Anand        | Team Leader, IDC                            |

**Government of Sikkim**

- |                 |                                  |
|-----------------|----------------------------------|
| 1. J.D. Bhutia  | Project Director, Gangtok SIPMIU |
| 2. Dilip Sharma | Project Manager, DSMC (Gangtok)  |

**Government of Tripura**

- |                      |  |
|----------------------|--|
| 1. Ashutosh Jindal   | Secretary, Tourism and Urban Development |
| 2. A. Majumder       | Project Director, Agartala SIPMIU        |
| 3. Ashim Chakraborty | Project Manager, Agartala SIPMIU         |
| 4. Biswajit Paul     | BME/MIS Officer                          |

## APPENDIX 2: STATUS OF OUTPUTS AND IMPLEMENTATION

Table 1: Implementation/ Physical and Financial Progress Status of Awarded Contracts

## Agartala

Package No.	Brief Scope	Contract Amount (in Rs million)	Date of Contract Commencement	Schedule date of Completion / Extended date of completion	Physical Progress (%)	Financial progress		Remarks/ Issues
						Cumulative (Rs)	Financial Progress as % Agreed Contract Amount	
WS-01/M	Procurement of MS Pipes for Drilling of Tube wells	14.43	01-Nov-11	01-May-12	Completed	14,430,680.00	100.00%	Completed
WS-01R/1	Replacement of Tube-wells (06 nos), Lot-1	11.39	16-Nov-11	16-Nov-12	Completed	11,387,271.40	100.00%	Completed
WS-01(R3)	Replacement of 16 Tube-wells (08 nos), Lot-2	8.3	29-Dec-12	03 Feb-14	Work on going	2,600,000	31.32%	Work started. Close monitoring needed.
	Replacement of 16 Tube-wells (08 nos), Lot-3	7.84	2-Jan-13	05-Feb-14	Work on going	-	-	Work started. Close monitoring needed.
(WS-03)	Procurement and Installation of Bulk Flow Meter	8.8	06-Aug-12	05-Feb-14	Nil	568261 (Paid as Advance)	10%	Bulk Flow meters are under manufacturing.
(WS-02,07 &08)	Construction of Ground Water Treatment Units	258	07-Jan-13	07-July-14	Soil Testing Completed Layout & Basic Eng. Submitted by Bidder	25,000,000	10%	Contractor has started survey work. Detailed design and drawings are yet to be submitted by Contractor. Advance payment to contractor not made. SIPMIU does not have sufficient fund. Fund to be

Package No.	Brief Scope	Contract Amount (in Rs million)	Date of Contract Commencement	Schedule date of Completion / Extended date of completion	Physical Progress (%)	Financial progress		Remarks/ Issues
						Cumulative (Rs)	Financial Progress as % Agreed Contract Amount	
								released by MOUD.
(WS-09)	Construction of Service Reservoirs, 14 Nos ( <b>Lot - 1</b> )	155.2	04-Jan-13	04-July-14	Soil Testing work has been started	15,200,000	10%	Design and construction drawings are under review by DSMC.
	Construction of Service Reservoirs, 14 Nos ( <b>Lot - 2</b> )	134.5	16-Oct-12	16-April-14	Soil Testing work has been started	7,000,000	10%	Design and construction drawings are under review by DSMC.
WS-10/1/M	Procurement of DI Pipes for Laying of Rising Mains in Agartala City	110.3	30-Jun-12	29-Jun-13	20%	21,758,946.00	20%	82% progress in supply of pipes. Fund to be released by MOUD for payment to supplier.
WS-10/3	Laying of Distribution Network for South Zone of Agartala	378.08	Lot – 1 12-Dec-12	12-Jun-14	Topographic survey by contractor is going on.	Nil		
			Lot – 2 14-Dec-12	14-Jun-14				

### Aizawl

CHL/WS/ AIZ/T1/N CB-1	Supply, Installation and Commissioning of 2 nos. of Chlorinators	Completed	4,024,138	24.3.2010	26.11.2010	100%	4,165,130	100%
OHT/WS/ AIZ/T1/N CB-3	Construction of 7 Ground Level RCC Zonal Tank and Buildings	Completed.	43,157,393	20.4.2010	30.03.2012	100%	52,185,447	100%
WM1/WS/ AIZ/T1/N CB-2	Supply, Installation, Testing and Commissioning of 15000 nos. of Water Meters.	Completed.	31,567,500	25.6.2010	02.08.2012	100%	32,464,320	100%
EM&S/W S/AIZ/T2/ NCB-1	Supply, Installation & Commissioning of Booster Pumps	Progress is about 33%. There is no issue.	5,064,416	17.5.2012	16.5.2013	90%	0	0
GLR/WS/ AIZ/T2/N CB-3	Construction of Water Reservoirs	Progress is about 57%. There is no issue.	28,599,005	25.6.2012	24.6.2013	56%	15620780	55%
WM2/WS/ AIZ/T2/IC B-1	Purchase & Installation of Bulk & Domestic Water Meters	There is no issue.	63,167,256	22.9.2012	21.3.2014	80%	30296402	48%
SCM/SE W/AIZ/T2/ NCB-2	Supply, Installation & Commissioning of Cess Pool Cleaner	There is no issue.	8,756,825	19.5.12	18.5.2013	90%	4378413	50%
AR&LD/S EW/AIZ/T 2/NCB-6	Site/Land Development & Approach Road to STP	There is no issue.	14,586,813	26.02.13	25.03.14	30%	0	0

### Shillong

Tranche 1 - LF&R/S WM/SHI /T1/NCB -1	Development of Short term Sanitary Landfill Site- Civil Works & Procurement of Bulldozer	Physical progress is slow. Hence, the contract package needs to be closely monitored.	28,233,305	March 2102	September 2013	7.00%	686,664	2.4%
Tranche 2 - NERCC DIP/TR-	Construction of Garage cum workshop and staff rest room at Marten, Mawiong.	There is no issue.	13,455,302	December 2012	June 2014	Site	Nil	Nil

02/SHG/ SWM- 01/01								
Tranche 2 NERCC DIP/TR- 02/SHG/ SWM- 01/02	Procurement of primary and secondary collection vehicles, workshop machineries	At present, there is no issue.	13,666,42 0	July 2102	June 2013	2 Compactors 2 Vehicle Procurred	3,956,000	30.10%

**Kohima**

KHM- WA1 Tranche-1	Construction of 18 RCC ground level water tanks & Refurbishment of 7.5 mld capacity Water Treatment Plant	The contract package is affected by several issues. They are delay in release of fund by State Govt., non availability of all sites, construction quality issues, lack of construction supervision by DSMC.	76.39	14-Oct- 2011	14-Apr- 2013	42.47%	26800000	35.15%
KHM- SWM1 Tranche-1	Civil works and procurement of equipment for development of sanitary land fill, compost plant & internal access	The contract package is affected by several issues. They are delay in release of fund by State Govt., non availability of all sites, construction quality issues, lack of construction supervision by DSMC.	391.10	14-Oct- 2011	14-Oct- 2013	32.06%	102000000	26.08%
Tranche 2 packages	Supplying and laying of distribution network of 318 km length in KMC area.	MOUD has approved the bid. There is shortage of fund in SIPMIU due to non release of fund by State Government.	353.8	17.02.2013	18.02.2015	-	-	-

**Gangtok**

Contract Ref No?	Supplying and Laying distribution system in Burtuk and Chandmari, construction of pump house, installing pump sets and allied works in Gangtok, Sikkim.-GTK-WA1(NCB)	There is delay in payment to contractor.	149,469,797.00	27 <sup>th</sup> Sept 2011	26 <sup>th</sup> March 2013	61.44	853.00	55.86
GTK-SWM-3A	Procurement of chain wheeled hydraulic excavator		0.04	Oct-12				

**Table 2: Procurement Status of Contracts not yet Awarded**

<b>Agartala</b>							
Ref No.	Contract Description	Works/ Goods	Contract Value	Type	Expected Award date	Status/ Issues	Duration
WS-01(R3)CIV.	Construction of Pump House for 16 Tube-wells (Civil)	W	16.65	NCB	July-13	Bid is under Govt approval	
AGT / WS09-1 / NCB /12 /1	Rehabilitation of Steel Overhead Reservoirs in Agartala City (2 Nos.)	W	0.02	NCB	Dec-13	Retendering will be done after ADB permission	12
WS-06	Laying of 59 km of primary pipelines for proposed Water Supply System in Agartala	W	0.96	NCB	Jun-13	Tender received on 14 <sup>th</sup> May 2013	18
<b>Aizawl</b>							
P&SN/WS/AIZ/T2/ICB-2	Rehabilitation & Extension of Water Distribution Networks and Feeder Mains	W	8.56	ICB	July-13	MOUD has not approved the bid. MOUD's view is that the awarded cost needs to be within the estimated cost made on the basis of SOR 2012.	42
PS-1/ WS/AIZ/T2/ICB	Purchase and installation of dedicated power supply system	W	4.96	ICB	July-13	Bid Evaluation in under process.	36
P&SN/SEW/AIZ/T2/NCB-5	Construction of Primary & Secondary Sewerage Networks	W	4.68	NCB	Dec-13	MOUD has not approved the bid. MOUD's view is	42

						that the awarded cost needs to be within the estimated cost made on the basis of SOR 2012.	
Ref No.	Contract Description	Works/ Goods	Contract Value	Type	Expected Award date	Status/ Issues	Duration
CT/SEW/AIZ/T2/NCB-4	Construction of 10 Nos. of Community Toilet at Aizawl, Mizoram	W	0.22	NCB	June-13	MOUD has not approved the bid. MOUD's view is that the awarded cost needs to be within the estimated cost made on the basis of SOR 2012.	12
STP/SEW/AIZ/T2/NCB-7	Construction of Sewerage Treatment Plant	W	2.44	NCB	August-13	MOUD has observed that STP should be constructed after substantial progress in laying of sewer network.	30
<b>Gangtok</b>							
GTK-WA-1	De-bunching of Secondary Distribution System and Extending Water Supply to Peripheral Areas with Allied Works in Gangtok, Sikkim (Lot 1)	W	3.79	NCB	Oct-13	Bid Evaluation is under process	24
GTK-WA-2	De-bunching of Secondary Distribution System and Extending Water Supply to Peripheral Areas with Allied Works in Gangtok, Sikkim (Lot 2)	W	3.96	NCB	Oct-13	MOUD has not approved the bid as it has observed that quoted rate of road restoration work is high.	24
GTK-WA-3	Providing 12000 consumer meters.	G	0.95	NCB	Dec-14	To be tendered after laying of distribution pipelines.	24
GTK-SWM-1	Providing primary Collection Vehicle, Household Bins, Push Carts and Litter Bins	G	0.51	NCB	Sep-13	Bid evaluation is not complete and to be expedited.	24
GTK-SWM-2	Construction of Solid Waste Landfill, Leachate Treatment Plant, and	W	1.39	NCB	Oct-13	Bid evaluation is not complete and to be	12

	Associated Infrastructure Works for Gangtok, Sikkim					expedited.	
GTK-SWM-3B	Procurement of Secondary Collection Vehicles, 1100 Liters Capacity Bins, Landfill Vehicles & Equipment, Personal Protection Equipment for Solid Waste Management	G	0.32	NCB	Sep-13	Bid evaluation is not complete and to be expedited.	12
GTK-SWM-1	Procurement of Personal Protective Equipment	G	.01	Shopping	Dec-13	Not completed	24
<b>Kohima</b>							
KHM-WA-5	21 Bulk Water Meters and 20,000 Domestic Meters	G	0.95	NCB	Dec-13	Supply and installation of bulk flow meters to be done after laying of water distribution pipelines.	24
<b>Shillong</b>							
NERCCDIP/T R-02/SHG/SWM /03-R1	Procurement of Different types of Bins and Personnel Protective Equipment-Shillong	G	0.25	NCB	Aug-13	Bid process initiated	12

Table 3: Major Output Completion (for Tranche 1)<sup>22</sup>

	Agartala		Aizawl		Gangtok		Kohima		Shillong	
	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved
<b>Water</b>										
Storage capacity (nos)	-	-	7	7	1	1	18	4	-	-
Network, km	-	-	-	-	46.2	17.26	-	-	-	-
Treatment capacity (MLD)	-	-	-	-	-	-	7.5	0	-	-
<b>Solid Waste Management</b>										
Sites (no)	-	-	-	-	-	-	1	0	1	0

Table 4: Major Output Completion (for Tranche 2)

	Agartala		Aizawl		Gangtok		Kohima		Shillong	
	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved
<b>Water</b>										
Storage reservoir (no)	14	0	3	2	5	0	-	-	-	-
Network, km	291	0	76	0	118	0	318	0	-	-
Treatment capacity (MLD)	40	0	-	-	-	-	-	-	-	-
Connections (no)	-( <sup>23</sup> )	-	12,500	0	12,000	0	14,000 ( <sup>24</sup> )	0	-	-
<b>Sewerage</b>										
Network, km	-	-	46	0	-	-	-	-	-	-
Treatment capacity (MLD)	-	-	10	0	-	-	-	-	-	-
<b>Solid Waste Management</b>										
Treatment capacity(MLD)	-	-	-	-	18	0	-	-	expansion	0

<sup>22</sup> As per updated Design and Monitoring Framework prepared at Mid Term Review (as opposed to DMF enclosed with approved PFR1).

<sup>23</sup> Recorded as 12,000 connections in the DMF of the approved PFR report, but not within the scope of the PFR or loan agreement.

<sup>24</sup> May need to be reduced to 6,000 if additional water sources cannot be confirmed and financed.

**APPENDIX 3: STATUS OF CLAIMS AND RELEASE OF FUNDS**

**Table 1: Status of Claims and Releases under Project 1 (IRs.)**

MONTH	AGARTALA		AIZAWL		GANGTOK		KOHIMA		SHILLONG	
	Claimed by State	Released by MoUD								
<b>2012</b>	45501078	45501078	27658613	27658613	56473653	56473653	89781712	89781712	46033030	46033030
January, 2013	0	0	38900	38900	0	0	341,208	0	72244	0
February, 2013	0	0	2360724	2360724	27172814	27172814	6,209,560	0	7068055	0
March, 2013	0	0	1461350	0	159412	0	452,980	0	864752	0
April, 2013	0	0	0	0	0	0	33,48,153	0	507249	0
<b>TOTAL</b>	45501078	45501078	31519587	30058237	83805879	83646467	100133613	89781712	54545330	0

**Table 2: Status of Claims and Releases under Project 2 (IRs.)**

MONTH	AGARTALA		AIZAWL		GANGTOK		KOHIMA		SHILLONG	
	Claimed by State	Released by MoUD								
<b>2012</b>	22327207	0	41,671,309	0	0	0	9532323	0	72244	0
January, 2013	0	0	6213602	0	0	0	0	0	0	0
February, 2013	28735000	0	7592655	0	0	0	0	0	7068055	0
March, 2013	7000000	0	41067917	0	406609	406609	0	0	8644752	0
April, 2013	0	0	0	0	0	0	11,27,418	0	507249	0

<b>TOTAL</b>	58062207	0	96,545,483	0	406609	406609	10659741	0	16292300	0
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