

Report on ADB Review Mission in Aizawl on 12th -13th June 2012

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ADB has just completed the review of progress of Aizawl. Before we set out in the morning, Mr. Muramoto informed us that he had received an email from DEA with reference to his email to us and that he would not raise the subject of tr-3 in the meeting. The highlights of the review are:

1. Tranche-1: Overall there was satisfaction with the progress of Tranche-1 where the work is nearly complete. Visits were also made to two sites. PD was requested to expedite the completion of beautification work, as the same has been going on for the last Six months. SIPMIU estimates such work to cost around Rs 40 lakhs. However, a surprise item introduced was the need for further work at the site of these seven tanks by way of security fencing and additional approach roads. The additional cost of these works was estimated at about Rs 2.4 cr. considering the total cost of 7 tanks at about Rs 4 cr, this variation seems excessive and will need proper justification, if at all agreed. The means of financing i.e. tr-1 or tr-2 will have to be decided. Mr Valbuanga has been requested to send a brief proposal and justification for your examination and views.
2. Staffing: We were informed that the issue of staffing had been resolved and PD is to select candidates from the names proposed to him. He has been sanctioned Dy. PD, 4 Ex Engineers, a social Dev. Officer, 2 Assistants and an office superintendent. He expects to complete selection and mobilize the new staff by mid July 2012.
3. The DMF for Tr-1 was reviewed and found acceptable. Review of Compliance with FFA undertakings was by and large satisfactory. Provision of independent quality control of works needs to be implemented.
4. Review of Reform Program: The review brought out the need for the IDC consultants to improve their speed of work and outputs. They have been there for over a year, but the results are not commensurate. For example, item 11 for development and implementation of performance improvement plans, or development of financial action plan for improved utility financial performance etc. needed to be action. Similarly work on tariffs, PSP studies etc. needs to be expedited. Certain reforms require coordination with other departments like PHED, and these need to be pursued more vigorously. Re item 10, preparation of CSP Is being assigned by an ADB team to a Consultant for which EOI will be issued by them on 15-6-12. CSP is targeted to be completed by Dec 12.
5. Review of Tr-2 contracting: There was general satisfaction with the progress of contracting. The latest status is:-

No of packages contracted: 3

No of packages to be ready for contracting by September: 4

No of packages to be ready for contracting by November: 2

No of packages for contract award by March 2013 (power): 1

Of the above, the bid for water distribution system has been uploaded on 21-5-12 and will be opened on 5-7-12 and is expected to be awarded by Nov. The bid document for uninterrupted power supply has been prepared by P&E dept and just submitted to SIPMIU based on ADB guidelines. After vetting it will be sent to ADB for approval before uploading. However, issues like coordination with and control of SIPMIU, payment procedures etc. need to be sorted out and an MOU may be required between power dept and SIPMIU.

6. SIPMIU mentioned that they may require additional funds for awareness program's and social/gender work. Their budget under provisional in DSMC contract is almost exhausted. SIPMIU has been advised to recast the DSMC budget under various subheads since there are likely to be savings under remuneration and reimbursable head, which can be considered for re-appropriation. The contingency can also be considered for allocation. This should be submitted to MoUD for their decision.
7. In the afternoon the team made a courtesy visit to the Secretary UD&PA Mr. Rinawma and on the Additional Chief Secretary (CS in waiting) Mrs. L. Tochhong. Need for coordination with PHED and Power Dept was emphasised. Reforms such as tariffs, financial sustainability, performance improvement many of which fall in the realm of PHED need increased coordination. Secretary UD promised his utmost cooperation. He also agreed to be present for NSC meetings as far as possible.

Incidentally, the internal audit team was at work in Aizawl. They will finish their work in another week and thereafter submit their report.
