

PROJECT INFORMATION DOCUMENT (PID)

APPRAISAL STAGE

Report No.: PIDA1345

Project Name	Rajasthan Rural Connectivity Project (P130164)
Region	SOUTH ASIA
Country	India
Sector(s)	Rural and Inter-Urban Roads and Highways (100%)
Theme(s)	Other rural development (70%), Managing for development results (20%), Infrastructure services for private sector development (10%)
Lending Instrument	Specific Investment Loan
Project ID	P130164
Borrower(s)	Department of Economic Affairs, Ministry of Finance, Republic of India
Implementing Agency	Rajasthan State Public Works Department
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	03-Sep-2013
Date PID Approved/Disclosed	03-Sep-2013
Estimated Date of Appraisal Completion	06-Sep-2013
Estimated Date of Board Approval	29-Oct-2013
Decision	The CD authorized to proceed with appraisal after the necessary disclosure requirements are met.

I. Project Context

Country Context

Rajasthan is one of the low income states of India. Its per capita income (USD 943) is about 20 percent lower than the national average (USD 1185). About 75% of the state's population is rural and mainly depends on agriculture for its livelihood. The state has good potential for growth in agriculture and agro-based industries, mining and minerals processing, tourism, handicrafts and cottage industries, but the realization of this potential is constrained by inadequate road infrastructure and market linkages.

In recent years, the Government of Rajasthan (GOR) has taken several reform initiatives including adopting an Industrial and Investment Promotion Policy 2010 which focuses on exploiting the above growth potential and attracting mega investments. The Policy recognizes the need for high quality road infrastructure to spur growth and market integration through enhanced connectivity and improved transport services. Under the Eleventh Five Year Plan period too, a number of innovative policy measures were taken to accelerate economic growth and facilitate sustainable socio-

economic development. On the institutional reform front, GoR enacted a “Rajasthan Guaranteed Delivery of Public Services Act 2011” to ensure time bound rendering of 108 services in 15 departments and launched an online citizen’s grievance handling mechanism (Sugam – <http://sugamrpg.raj.nic.in>).

Sectoral and institutional Context

Rajasthan’s road network: Rajasthan has a state road network of 124,097 km, including 10,815 km of State Highways (SH), 9,198 km of Major District Roads (MDR), and 104,084 km of Rural Roads. Road density in Rajasthan is only 55 km per 100 sq. km, compared to the national average of 110. Per capita development cost in the state is very high due to the widely dispersed population. The estimated cost of periodic maintenance and ordinary repairs needed to keep this extensive network in good operating condition is approximately INR 1,200 crore (USD 219 million) in 2012/13 alone.

Rural roads: In recent years Rajasthan has made remarkable progress with developing its rural roads under the flagship program of the Government of India Prime Minister Gram Sadak Yojana (PMGSY) providing road connectivity to about 81% of its habitations above 500 people and to habitations above 250 people in desert and tribal areas of the state. However, about 7,357 villages with population below 500 in the remaining areas of the state are not covered under PMGSY. Providing all-weather road access to these villages has been stated as a priority of GOR in the state’s Twelfth Five Year Plan. The local governments are already undertaking some earthwork and graveling works on the tracks serving these habitations under MGNREGA.

Primary and secondary roads: Due to years of under-investment and inadequate maintenance, many of the State Highways and MDRs now require major interventions to improve their riding quality, geometry, pavement strength, drainage, and safety standards, and address missing links and dilapidated bridges. Only about 11 percent of SHs and MDRs are double lane. There has been some investment in widening state highways and district roads to accommodate greater volumes of traffic, but much more is required to develop the state highway network. The state has identified about 7,000 km state highways out of about 11,000 km of core highway network, and proposed corridors with highest traffic for upgrading under the PPP schemes.

Key Road Sector Issues and Challenges: (i) Inadequate sector funding: GOR’s budget for capital road works is about Rs. 9,000 million annually, which is less than 3% of the total state’s plan budget. This is highly inadequate to undertake any significant road development works; (ii) Neglect of maintenance: Resource allocation favors investments over maintenance; adequate policies, procedures, and institutional structure to plan, fund, and implement maintenance works are not yet in place. Maintenance expenditure is about Rs. 52,000 per km per annum compared to Rs. 140,000 and above as per the norms; (iii) Weak Planning for investments: Investment decisions give little importance to economic priorities - required planning tools and database for making sound investment decisions are lacking; (iv) Outdated road engineering practices and business procedures leading to overall low value for money of the investments and less efficient service delivery; (v) Limited capacity of road agency staff including their limited exposure to international road industry practices; (vi) Poor Road Safety Management: Road safety management capacity in the state is weak, vital safety engineering and enforcement interventions are critically under-resourced, prevalent unsafe behaviors demonstrate that road user awareness of associated risks is low.

Road Sector Institutions: The Public Works Department (PWD), Rajasthan is responsible for managing the majority of the state road network. Its original institutional structure and procedures are based on sound principles but have failed to adapt to latest industry practices and the changing shape of Rajasthan's road network. The length of village roads under PWD's care increased by 97% between 2003 and 2013. PWD's rural road network now totals 90,009 km and is considered to be a substantial asset that requires a sound institutional structure to manage and sustain it. Rajasthan Road Development Corporation also exists mainly to implement road sector investments under PPP style projects and some building works.

Road sector modernization and reforms. In order to improve its performance and transform it into a modern road agency PWD needs substantial enhancements and revisions in its traditional way of doing business. GoR has initiated a Road Sector Modernization Plan (RSMP) which seeks to address key priorities of the state and taking into account best practice road industry examples available in India and abroad. These include improved asset management, road financing, road safety and accident management system, maintenance contracting, bridge designs, and computerization of business processes. Several reforms have been initiated and need further support.

World Bank Engagements: The Bank has a long engagement in the road sector of Rajasthan through PMGSY program (Rural Roads Project and PMGSY Rural Roads Project). The state has shown consistently good performance in these projects. Rajasthan is one of the participating states in the proposed National Highway Interconnectivity Improvement Project (NHIIP). The Bank is supporting the development of improved quality of infrastructure, maintenance management, road safety management, and capacity building of PWD through these operations. The proposed IDA credit would support two types of investment: (a) construction of rural roads connecting about 1,300 villages with population between 250 to 500 people in areas not covered by PMGSY; and (b) support the effort in improving road sector management in the state and help improve road safety, the project would also support the preparation of feasibility study and DPR of about 700 km of SH/MDRs.

Ongoing Initiatives: GOR has launched a number of reform initiatives, which will be further strengthened through the support of the proposed project: (i) Asset management: In the recent past, PWD adopted a Maintenance Action Plan and deployed the Road Maintenance Management System (RMMS) alongside a Road Maintenance Planning Budgeting and Programming System (ROMAPS) to assist with planning and budgeting for road sector investments. However, these systems do not appear to be functioning any longer in any substantive way; (ii) Policy framework: Rajasthan was the first state to formulate a policy on Build-Operate-Transfer (BOT) projects in India. GOR is currently revising its Road Policy adopted in 1996 to incorporate current priorities and developing sixteen high traffic density highways on PPP basis by setting up a 'Mega Highways Project' through RIDCOR. A well-functioning Road Fund is mobilizing about Rs. 2,100 million annually; (iii) Institutional and Human Resources Development: PWD has undertaken a study on computerization of its various offices and prepared a comprehensive training plan for its staff; (iv) Road Safety Management: PWD has undertaken iRAP surveys and GOR has started to make specific budget provisions for road safety improvements; (v) Improved Road Engineering and Business Procedures: PWD has established a statewide core-network for rural roads and is using e-procurement, ESMF and OMMAS under PMGSY.

II. Proposed Development Objectives

The project development objective is to improve rural connectivity, enhance road safety and strengthen road sector management capacity of the state of Rajasthan.

III. Project Description

Component Name

Component A- Rural Connectivity Improvement

Comments (optional)

This component would support construction of about 2500 km rural roads to provide connectivity to about 1,300 rural villages with population between 250 and 499.

Component Name

Component B - Road Sector Modernization and Performance Enhancement

Comments (optional)

Component Name

Component C - Road Safety Management

Comments (optional)

Component Name

Incremental operating cost

Comments (optional)

This is not a component but support financing incremental operating expenditures of the implementing agency.

IV. Financing (in USD Million)

Total Project Cost:	245.00	Total Bank Financing:	171.00
Total Cofinancing:		Financing Gap:	0.00
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			74.00
International Development Association (IDA)			171.00
Total			245.00

V. Implementation

The project will be implemented by PWD, using its existing structures to the extent possible through support from other departments within Government of Rajasthan, including transport, police, health, revenue, forest, and district collectors and local offices. An adequately staffed Chief Engineer (CE) (PMGSY) office has been functional in the state to implement various Bank funded projects, including the Rural Roads Project I. The CE office will be responsible for implementing the project under the overall guidance of the Principal Secretary, PWD and a High Level Project Steering Committee. The CE office has designated units for engineering designs, procurement, contract management, social, environmental, financial management, computerization, institutional development, governance and accountability, and road safety. The team will further be reinforced with the hiring of a multidisciplinary team of Project Management Consultant (PMC). A cell consisting of 1-2 persons will be established and tasked with the coordination of monitoring,

evaluation and reporting functions. An annual independent technical audit and the PMGSY model of SQM will be employed to ensure quality of rural roads.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36	x	
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10	x	
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

Environmental Safeguard Aspects: Project activities, if not properly managed and mitigated, could have some local level adverse environmental impacts. The rural road works and road safety interventions on selected road corridors are likely to create some adverse environmental impacts, particularly during the construction stage. While the adverse impacts are likely to be fairly limited in the local context, the exact nature and magnitude of impacts will vary in accordance to the location and type of engineering intervention.

While no civil works will be financed under the project on roads passing through designated protected areas/wilderness areas, the larger institutional development plan for the road sector in Rajasthan would need to address the issues of biodiversity management in the interest of road user safety, environmental sustainability and tourism related reasons. Appropriate strategies and mechanisms will have to be built into the institutional systems to ensure that the over-all network planning/development and road selection/construction takes into account such factors.

Accordingly, the Bank's OP 4.01 on Environmental Assessment has been triggered, and the project is designated as Category B.

Social Safeguard Aspects: The project will facilitate provision of better physical access to basic infrastructure facilities such as schools, health care and other government services. As the project includes improvement of rural road connectivity, markets for agriculture produce are expected to develop further and access to inputs and sale of produce at competitive prices would improve the socio-economic conditions of communities adjacent to the road.

For developing rural roads under the project, construction is generally proposed along the existing tracks and restricted to the width as available in the Revenue Records, whereby land uptake is minimized. However, there could be instances where available width is too small warranting some additional land requirement for constructing the roads. In such cases, the most common occurrence is the loss of small strips of agriculture land. Such additional land requirements would be mostly in isolated locations requiring geometric improvement. Thus, the potential adverse social impacts of the proposed project are likely to be low. The screening results indicate that the impacts are minimal

and not significant in nature. As only marginal losses of structures or land is expected, the over-all the road side communities and road users are likely to benefit from the road works in terms of improved access, safety and drainage.

Measures taken to address safeguard policy issues: Safeguard policy issues have been assessed by carrying out screening and applying OP 4.01, OP 4.04, OP 4.36, OP 4. 11, OP 4.12 and OP 4.10, resulting in distinct instruments. This includes: (a) Environment Management Framework (EMF), including the Environmental Codes of Practice (ECoPs) and (b) Social Management Framework (SMF), including the Resettlement Policy Framework (RPF) and the Vulnerability Framework (VF). These have been integrated into the project in the form of various avoidance, minimization and enhancement measures.

VII. Contact point

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