

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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February 27, 2015

Mr. I.Y.R. Krishna Rao
 Chief Secretary
 Government of Andhra Pradesh
 Secretariat
 Hyderabad 500 022
 India

Dear Mr. Rao:

INDIA: Andhra Pradesh and Telangana Road Sector Project - Loan No.7792-IN
(formerly known as Andhra Pradesh Road Sector Project)
Amendment to Project Agreement and Supplemental Letter (Indicators)

We refer to: (i) the loan agreement between the International Bank for Reconstruction and Development (the Bank) and India (the Borrower) dated January 22, 2010 (the Loan Agreement); (ii) the project agreement of the same date between the Bank and the State of Andhra Pradesh (Andhra Pradesh) (the AP-Project Agreement); and (iii) the supplemental letter of the same date regarding performance monitoring indicators agreed further to the AP Project Agreement.

The Recipient has advised the Bank of the enactment of the Andhra Pradesh Reorganization Act, 2014 (6 of 2014), published in the Gazette of India dated March 1, 2014, creating the new State of Telangana (Telangana), formerly part of Andhra Pradesh.

We also refer to the Borrower's letter dated December 16, 2014 and to the discussions among the Borrower, Andhra Pradesh, Telangana and the Bank, relating to amendments to take into account the creation of Telangana, and to reflect Telangana's endorsement and commitment to carry out certain parts of the Project and as reflected in the aide-memoire transmitted to the Borrower, Andhra Pradesh and Telangana through the Bank's letter dated September 1, 2014.

We are pleased to inform you that the Bank concurs with the request, and proposes to enter into a project agreement with Telangana for this Project (T-Project Agreement). Accordingly, the AP-Project Agreement is amended as set forth below subsequent to the request and the above-mentioned discussions:

1. The name of the Project "Andhra Pradesh Road Sector Project", wherever used is replaced by "Andhra Pradesh and Telangana Road Sector Project".
2. All references to "Andhra Pradesh", "RBD" and "RDC" in the AP-Project Agreement shall hereinafter be deemed references to the "State of Andhra Pradesh", "AP-

RBD” and the “AP-RDC” as defined in revised Appendix to the Loan Agreement (i.e. Attachment I to the letter of amendment to the Loan Agreement).

3. Section I.E of the Schedule to the AP-Project Agreement is amended to read as follows:

“E. ensure that the Project is carried out in accordance with the terms, conditions and procedures set forth in the ESMF, R&R Policy Framework, EMPs, RAPs, ISAP, HIV/AIDS Action Plan, TDP, Anti-Corruption Guidelines, and GAAP, and that the ESMF, R&R Policy Framework, EMPs, RAPs, ISAP, HIV/AIDS Action Plan, TDP, and GAAP are not revised, amended or abrogated without the prior concurrence of the Bank. **Notwithstanding the foregoing, the Project Implementing Entity shall, by no later than May 31, 2015, revise and re-disclose the content of the ESMF, EMPs, RAPs, R&R Policy Framework and ISAP, in a manner and substance satisfactory to the Bank, so as to reflect the new implementation requirements light of the bi-furcation of Andhra Pradesh;**

4. Section I.G of Schedule to the AP-Project Agreement is amended to read as follows:

“G. ensure that the AP-RDC is fully operationalized by no later than **December 31, 2016**, including: (a) completion of AP-RDC’s outstanding audits; and (b) providing the AP-RDC the necessary financial, administrative, and operational powers to effectively manage the Core Road Network; and

5. Section I.H of the Schedule to the AP-Project Agreement is amended to read as follows:

“H. carry out, under Component 4 of the Project, multi-sector road safety measures for at least **one (1)** demonstration corridor, and taking into account the results of the demonstration projects, develop and adopt by **December 31, 2016**, a policy and strategy for improving road safety in Andhra Pradesh.

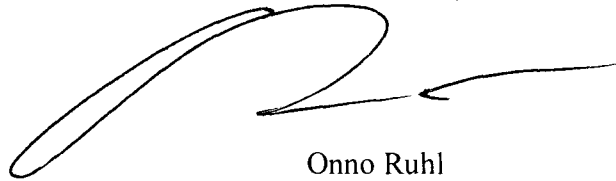
The attachment to the supplemental letter regarding performance monitoring indicators agreed further to Section II.A of the Schedule is amended to read as set forth in the Attachment hereto.

All other provisions of the AP Project Agreement, except as amended herein, remain unchanged.

Please confirm your agreement to the foregoing by signing the form of confirmation set forth below, and returning one fully executed original of this amendment letter to us and retaining one original for your records.


This amendment letter shall become effective upon receipt by the Bank of: (a) duly countersigned originals of this amendment letter, the amendment letter to the Loan Agreement and T-Project Agreement, prepared further to the above-mentioned requests and discussions; and (b) a legal opinion, satisfactory to the Bank, prepared by counsel to Telangana, or a competent official of Telangana acceptable to the Bank, pursuant to Article III of the T-Project Agreement and Section 9.02 of the General Conditions.

Yours sincerely,



Onno Ruhl
Country Director, India

Confirmed and agreed:
STATE OF ANDHRA PRADESH

By: 

Name: B. SAMBOB

Title: PRINCIPAL SECRETARY TO GOVT.
T (REB) Dept. Govt. of A.P.

Date: 6.4.2015

cc:

Mr. Subhash Chandra Garg, Executive Director (India), World Bank

Mr. L.K. Atheeq, Senior Advisor the Executive Director, World Bank

Mr. Bhaskar Dasgupta, Deputy Secretary, Department of Economic Affairs, Ministry of Finance,

Mr. Tarun Bajaj, Joint Secretary (MI), Department of Economic Affairs, Ministry of Finance

Mr. S.G. Dastidar, Controller of Aid Accounts and Audit, Department of Economic Affairs,
Ministry of Finance, Government of India

Mr. S.M. Das, Additional Director General, Ministry of Road Transport & Highways,
Government of India

Government of Andhra Pradesh

Dr. P. V. Ramesh, Principal Secretary, Finance Department (R&E)

Mr. L. Premachandra Reddy, Secretary, Finance Department

Mr. B. Sam Bob, Principal Secretary, Department of Roads and Buildings

Mr. G. JagannadhaRao Managing Director (RDC) and Chief Engineer & CRN (RBD)

ATTACHMENT

RESULTS INDICATORS

February 2015 Restructuring: Revised Results Framework for AP and Telangana Road Sector Project

Indicators	Baseline	Target Value (Actuals)		
		Thus Far YR1-YR4	End of Project	
			Andhra Pradesh	Telangana
Outcome Indicators				
Full operationalization of RDC with adequate financial and human resources to manage the CRN	RDC still not fully operational; outstanding audits; Act to be reviewed; no independent financial & operational procedures; many staff deputed from RBD	Y1: Outstanding audits completed (<i>Audit of RDC accounts upto 2013-14 has been completed.</i>)	<ul style="list-style-type: none"> GoAP provides RDC with financial, administrative and operational powers; Rules and procedures adopted 	If RDC is formed, <ul style="list-style-type: none"> GoT provides RDC with financial, administrative and operational powers; Rules and procedures adopted RDC has own staffing and adequate sources of revenue for CRN
Vehicle operating costs decline relative to the without project scenario in upgradation roads	Cars: ₹5.41 per veh km		12% reduction with project, that is, ₹ 4.76 per veh km	12% reduction with project, that is, ₹ 4.76 per veh km
	Truck: ₹11.85 per veh km		8% reduction with project, that is, ₹10.90 per veh km	8% reduction with project, that is, ₹10.90 per veh km
Travel time for bus passengers declines relative to without project scenario in upgradation roads	10.6 hrs for travelling all 422 km of upgradation roads		7.8 hrs (26% reduction) to travel in all 422 km of upgrading component	7.8 hrs (26% reduction) to travel in all 422 km of upgrading component
Number of road accident fatalities per vehicle kilometers declines on Road Demo Corridors	SH31: 16 Renigunta – Rayalacheruvu Corridor, (Andhra Pradesh) <i>0.47 fatalities per km</i> SH4: 16 Hyderabad – Bijapur Corridor, Telangana <i>0.36 fatalities per km</i>		Less than 0.47 fatalities per km	Less than 0.36 fatalities per km

Share of CRN in good condition increased	40%	Y3:60% Y4: 71 % (indicative estimate based on quantum of work undertaken and current CRN length (6,800 km)	80% (size of classified network: 6,800 km)	75% (size of classified network: 4.020 km)
Results Indicators for each Component				
Component 1: Road Corridor Improvement				
427 km upgraded efficiently and environmental and socially sustainable way	0	Y3:180 km Y4: 79 km of road length has been surfaced with Bituminous layer.	302 km upgraded	125 km upgraded
6,018 km of roads under Long-term performance based maintenance contract (LTPBMC)	0	Y3: 1378 km Y4: 6,018 km of CRN is under LTPBMC	4,301 km maintained through Long term performance-based maintenance contracts	1717 km maintained through Long term performance-based maintenance contracts
Component 2: PPP Facilitation				
Three roads selected for PPP transactions.	0	Y3: 2 Y4: 2 roads (HKR and NAM) have been taken up under PPP	2 Roads	1 Road
Component 3: Institutional Development				
Milestones in ISAP met		Y3: ISAP studies completed; Training Needs Assessment completed <i>ISAP consultants delivered reports on Organization Structure of RDC, Scoping study, Training Needs Assessment (March 2013) ; Study on Road Fund (Nov. 2013); and Road Network MasterPlan for combined state.</i> <i>The reports are to be revised to suit the needs of Residual AP.</i> Y4: IT-MIS, HR plan Environment and Social Management fully operational <i>IT-MIS procurement has been initiated. HR plan, Environment and Social Management; partly operational.</i>	<ul style="list-style-type: none"> IT-MIS, HR and Training plans fully operational Complete Preparation of State Network Master Plan 	<ul style="list-style-type: none"> IT-MIS, HR and Training plans fully operational Complete Preparation of State Network Master Plan

Milestones in GAAP met		Y1: Disclosure & complaints handling operational <i>Disclosures completed. Complaint system established and operational.</i> Y2: Third Party Monitoring: Procurement monitoring <i>Third party monitoring consultant appointed for OPRC packages; and auditing is being taken up as per agreed plan. Procurement committee was formed within APRDC and committee is monitoring the procurement process</i>	Disclosure & complaints handling mechanism operational	Disclosure & complaints handling mechanism operational
Annual maintenance plans developed through the RMS system		<i>Procurement of RDBMS is completed. Procurement of agency for data collection, other hardware and software is initiated.</i>	• RAMS operational and used for annual plan preparation	--
Component 4 : Road Safety				
Demonstration projects carried out in at least one road corridor.		Y1: Road Safety Lead Agency and Multi-sector coordination established <i>Transport Dept. has been established as the nodal/lead agency by the GoAP for implementation of Road Safety Action Plan (achieved in Y3). Technical Working groups and Road Safety Cell have also been constituted with the different departments for multi sector coordination (in Y4)</i>	Complete implementation Demo Corridor with multi-sector coordination and evaluate results	<ul style="list-style-type: none"> • Establish Road Safety lead Agency and Multi-sector team for road safety coordination (Dec 2015) • Complete implementation Demo Corridor with multi-sector coordination and evaluate results
Comprehensive GoAP road safety functions, capacity and action plan(s) put in place			New Safety Policy approved; institutional arrangement put in place, and Action Plan Implementation drawn	New Safety Policy approved; institutional arrangement put in place, and Action Plan Implementation drawn
Black Spot Improvement of CRN		Y1: Identification of Black Spots & Collection of Baseline Data on accident fatalities <i>36 black spots in five districts have been identified. Procurement was completed. Works are in progress</i>	Complete implementation of improvement of 36 blackspots	Complete implementation of improvement of 10 blackspots
Land Acquisition		Completed to-date: 305 Acres (62%) AP: 235 Acres (61%) Telangana: 70 Acres (65%)	100% to be completed (Total: 383 Acres)	100% to be completed (Total: 107 Acres)
Resettlement and Rehabilitation		Completed to-date: 1060 Nos. (34%) AP: 926 Nos. (33%) Telangana: 134 Nos (43%)	100% to be completed (Total: 2,733 Nos)	100% to be completed (Total: 314 Nos)