

FRAMEWORK FINANCING AGREEMENT (IND: Uttarakhand State-Road Investment Program)

This Framework Financing Agreement (FFA) dated 14 November 2006 is made between India, acting by its President (hereinafter referred to as "India") and Asian Development Bank (hereinafter referred to as "ADB").

Background India has requested Asian Development Bank (ADB) to help finance the Uttarakhand State-Road Investment Program (Investment Program) described in Schedule 1 hereto.

Investment Program

Context

India through the state of Uttarakhand (the State) is committed to, and will implement the Investment Program described in Schedule 1 hereto.

The Investment Program is intended to provide financing to the State to improve the physical condition of the state-road network and increase the capacity of the Uttarakhand Public Works Department (PWD) to better manage the road infrastructure and ensure long-term sustainability of the investment.

Roads are vital for Uttarakhand. Over 90% of its intra- and inter-city freight and passenger traffic is road-based. Yet, about 30% of main arterials (state highways¹ and major district roads²), and over 70% of the collector and distributor roads (other district roads and village roads³), which amount to about 65% of the road network under the jurisdiction of the PWD, are in poor condition and need immediate repairs or rehabilitation. This situation is curtailing access to social services and income generating opportunities for more than half of Uttarakhand's population scattered among more than 15,000 small villages across the state. Consequently, over 30% of the rural population continues to live in poverty.

India and the State envision a reduction in poverty and increase in personal incomes through road infrastructure programs that would increase mobility and accessibility. The National Highway Development Program (NHDP) and the Pradhan Mantri Gram Sadak Yojana (PMGSY) program were initiated by India in 1998 and 2000 respectively to realize that vision. Now the State has prepared its own 10-year road development plan (RDP) to improve the entire state-road network by 2017.

According to the investment program set out in the RDP, approximately \$120 million of additional annual funding will be required over the next 10 years. While improved planning and budgeting procedures, new construction and maintenance standards, and increased supervision and monitoring can help reduce future expenditure, the forecast level of state and central government financing would be inadequate to fully implement the RDP. Given that over 90% of the State's population and the two main drivers of the economy; agriculture and tourism, depend on road transport for intra- and inter-city as well as inter-village conveyance, failure to fully implement the multi-project RDP would

¹ The total length of state highways is 696 km. PWD is responsible 437 km and the rest is the responsibility of the Border Roads Organization (BRO).

² Totalling about 1,370 km.

³ Totalling about 12,200 km

perpetuate rural remoteness and poverty, and exacerbate the outward migration of labor.

The estimated total cost of implementing the RDP is about \$1.2 billion equivalent over the period 2007 to 2017. The State is committed to financing the RDP through a combination of central, state and external sources. India has requested financial support from ADB to meet part of the State's external resource needs in accordance with ADB's road sector strategy for India. This Investment Program has been conceptualized and included in the India Country Strategy and Program Update (2004-2006) to help the State achieve its poverty reduction and economic development goals by financing part of the infrastructure and institutional capacity development costs of the RDP.

The State requires periodic funding in tranches corresponding to the sequential projects of the RDP. An MFF from ADB is best suited to meet this need. It would allow the State to commit to its multi-year investment plans with a degree of certainty about the source of financing and borrow incrementally according to the development roadmap. An MFF would also demonstrate ADB's long-term commitment to development while closely monitoring progress of the road network and guiding development on a project-by-project basis.

Investment Program

The Investment Program is intended to provide financial support the State implement part of the physical improvements to the existing roads identified in the RDP and to strengthen the road asset management capacity of the PWD. The total capital outlay under the investment program would be \$830 million. The investment will be made in tranches in seven discrete projects, which will be implemented sequentially over a period of ten years. The projects will be sequentially prepared and appraised prior to the investments.

The Investment Program will finance two main components of each project: (i) Infrastructure Improvement (physical investment); and (ii) Infrastructure Management (non-physical investment), which will be determined as needed at the time of preparation of the project. The main collective outputs of the investments would be: (i) 10,800 km of state roads improved to a good condition (amounting to about two thirds of the network); and (ii) a proactive and accountable PWD better equipped to manage road infrastructure.

Non-physical investments will support business process reengineering, revisions to operating manuals, operationalization of the management information and project management system (MIPMS), and mainstreaming strategic planning and new procurement procedures. Staff skills will be improved through a long-term education and training program in leading-edge road infrastructure management techniques. Awareness and training will be provided to state road builders.

Financial support will also be provided under the investment Program to introduce a special feature involving a new method of procurement for works. Works under this method will be procured for physical improvements and 3-years consecutive years of maintenance thereafter under performance-based contracts (PBCs). This method, which will be used for the first time by a state in India in an externally funded project, will increase the sustainability of the road network.

The first Project (Project 1) of the Investment Program is expected to improve a sub-network of roads totaling about 570 km in length, which, have been appraised and approved by ADB, and assist the PWD to: (i) initiate business process re-engineering; and (ii) increase staff skills and asset management capacity. The total estimated to cost of Project 1 is \$74 million.

Financing Plan

The financing plan for the Investment Program are summarized below in Tables 1. Details are set out in Schedule 1 hereto.

Table 1. Financing Plan for Investment Program

Financing Source	Total (\$)	Share (%)
Asian Development Bank	550.0 million	66%
India	280.0 million	34%
Total	830.0 million	100%

Facility

ADB's financial support will be extended through a multitranche financing facility (the Facility).

The Facility will be made available in tranches to support projects, as and when they are ready for financing, provided India and the State are in compliance with the requirements of the Facility, and the projects are in line with the understandings hereunder in this Agreement.

In case India or the State requests any co-financing arrangements or related assistance for the projects under the Facility from ADB, these may be assisted by ADB, subject to related ADB policy and procedures.

Amount

The maximum financing amount available under the Facility is five hundred and fifty million dollars (\$550,000,000). It will be provided in individual tranches from ADB's ordinary capital resources.

Availability Period

The last date on which any disbursements under the last tranche may be made will be 31 December 2017. The last Periodic Financing Request (PFR) be submitted no later than 1 May 2012.

Terms and Conditions

Each tranche will be provided from the ordinary capital resources of the Asian Development Bank (ADB) under ADB's London interbank offered rate (LIBOR)-based lending facility, and may be financed under terms different from the financing terms of previous or subsequent tranches. The choice of financing terms will depend on the project, and ADB's financing policies, all prevailing at the time the tranche is documented in a legal document.

Each tranche will be used to finance infrastructure development and capacity development needs as identified under each Project. India will provide the proceeds of the loans from the MFF in local currency to the State on terms and conditions applicable to its own lending modalities. The State will bear the foreign exchange risk on the loans.

India will cause the proceeds of each tranche to be applied by the State to finance expenditures of the Investment Program, in accordance with conditions set forth in this Agreement and the legal agreements for each tranche.

Execution

The Executing Agency (EA) for the Investment Program will be the Uttaranchal Public Works Department (PWD). The EA will implement the Investment Program, in accordance with the principles set forth in Schedule 1 to this Agreement, as supplemented with further details in the legal agreements for each tranche.

Periodic Financing Requests

India may request, and ADB may agree, to provide loans for individual Projects under the Facility to finance the Investment Program and its related Projects, upon the submission of a PFR. Each PFR should be submitted by India, and confirmed by the State. India will make available to the State, the proceeds of the tranche in accordance with the related PFR, and the legal agreements for the tranche.

Each individual tranche will be for an amount no less than fifty million dollars (\$50,000,000), or its equivalent. India through the State will endeavor to conform to the PFR submission schedule in Table 1(a) of Schedule 1 to this Agreement. ADB will review the PFRs and, if found satisfactory, prepare the related legal agreements.

PFRs for financing each project will be subject to criteria set out in Schedule 4 hereto, satisfactory due diligence, and compliance with relevant safeguard frameworks and other requirements. ADB, India and the State will agree on a Facility Administration Memorandum as soon as possible after the date of this Financing Framework Agreement, but prior to the first disbursement from the first loan.

General Implementation Framework

The Facility will be implemented in accordance with the general framework setout in Schedule 3 to this Agreement.

Procedures

Each Loan to be provided from the Facility will be subject to the following procedures and undertakings:

- (a) India will have notified ADB of a forthcoming PFR at least 15 days in advance of the submission of the PFR;
- (b) India will have submitted the PFR in the format as agreed with ADB;
- (c) ADB may, in consultation with India and the State, decline to approve any PFR, or authorize the negotiation of any legal agreement for a tranche, provided, any decision and reasons thereof to so decline is communicated to India by ADB within 30 days from receipt of the PFR; and
- (d) If no such decline is communicated to India, the legal agreements will be negotiated and executed no later than 30 days from ADB's receipt of the PFR.

PFR information	<p>The PFR will be in substantially in the form attached hereto, and will contain the following details:</p> <ul style="list-style-type: none"> (i) Loan amount; (ii) Description of roads and/components of each project to be financed; (iii) Cost estimates and financing plan; (iv) Implementation arrangements specific to the different components; (v) Confirmation of the continuing validity of and adherence to the provisions of this Agreement; (vi) Confirmation of compliance with the provisions under previous Loan Agreement(s) and Project Agreement(s), as appropriate; and (vii) Other information as may be required under the Facility Administration Memorandum.
Safeguards	All ADB safeguard policies, as amended from time to time, will apply to all the components financed from the Facility. Schedule 5 to this Agreement sets forth the safeguard frameworks required under ADB's safeguard policies and which India will cause the State to comply with and implement.
Procurement	All goods and services to be financed from the Facility will be procured in accordance with ADB's <i>Procurement Guidelines</i> (April 2006), as amended from time to time.
Consulting Services	All consulting services to be financed from the Facility will be procured in accordance with ADB's <i>Guidelines on the Use of Consultants</i> (April 2006), as amended from time to time.
Disbursements	<p>Disbursements will be made in accordance with ADB's <i>Loan Disbursement Handbook</i> (2001) and ADB's <i>Interim Guidelines for Disbursement Operations, LIBOR-Based Loan Products</i> (2002), each as amended from time to time.</p> <p>Retroactive financing for components to be financed from the Facility, up to 20% of the proceeds of a loan will be eligible, provided that expenditures are incurred on works and consulting services for a project eligible for financing from the Facility, in accordance with agreed procedures and during the 12 months before the signing of the corresponding individual loan agreement. This approval does not, however, commit ADB to finance the ensuing Project(s).</p>
Monitoring, Evaluation, and Reporting Arrangements	A set of indicators for monitoring and evaluating the performance of the Investment Program and each Project in relation to the goals and purposes and outputs of each will be agreed upon with ADB in reference to the design and monitoring framework given in Schedule 2 within no more than two months from signing of the Facility (in case of the Investment Program) and each Loan Agreement (in the case of an individual tranche). At the beginning of each Project, the EA, in consultation with ADB, will establish baseline data for social, environmental, and poverty reduction impact indicators for each component. Subsequent data will be collected at intervals agreed with ADB and analyzed during implementation. Results of the analyses, comments, and conclusions will be incorporated in every other quarterly report to ADB.

Assurances

India through the State assures that it will undertake the following:

Road Sector Specific

- (a) provide its share of funding for the Investment Program and activities under the Road Development Plan in accordance with the Financing Plan and the implementation schedule outlined in Schedule 1 to this agreement as well as provide for any cost over-runs in excess of the contingencies of this Investment Program;
- (b) provide the funding needed for maintaining the network roads in a good condition during and after the completion of the Investment Program; and
- (c) fully implement the social and environmental frameworks, given in Schedule 5 to this agreement, in every project.

Fiduciary Oversight

- (a) engage independent private firms to conduct annual audits of financial accounts, including procurement, and submit reports to ADB; and
- (b) stakeholder participation and transparency of the PWD are maintained through the road board and publication of its agendas and actions

Financial Management

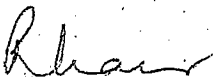
ensure that MIPMS is used for recording, analyzing and reporting financial transactions and accounts of the Investment Program and evolve a suitable model which can be extended to the entire PWD

Capacity and Institutional Development

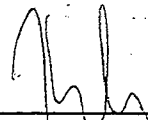
- (a) state-wide road investment planning and programming responsibilities are delegated to the central planning unit of the PWD;
- (b) staff trained under the Investment Program are retained and assigned to duties corresponding to the skills acquired;

Signed in Manila as of the day and year first above.
INDIA

ASIAN DEVELOPMENT BANK



Ravneet Kaur
Director, ADB
Department of Economic Affairs



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Director General
South Asia Department

SCHEDULE 1

ROADMAP AND INVESTMENT PLAN FOR THE FACILITY

I. Present Status of the Road Sector

1. Over 90% of intra- and inter-city freight and passenger traffic moves by road. However, about 30% of the main arterials (state highways⁴ and major district roads⁵) and over 70% of the collector and distributor roads (other district roads and village roads⁶), which amount to about 65% of the road network under the jurisdiction of the PWD, must now be repaired or rehabilitated. The primary reasons for the poor condition of the road network are inefficient road asset management (planning, budgeting, and supervision) and inadequate funding.

II. State's Vision for the Road Sector

2. The State considers road infrastructure to be the key to "rapid and social upliftment of the population while simultaneously ensuring balanced regional development and spreading the accruing benefits evenly over all sections of the society". Accordingly, the State has drafted a road policy with the objective of creating a road network that would provide: (a) high speed connectivity with the rest of the country; (ii) adequate and efficient connectivity to all the demand drivers (tourism, industries, agriculture, and urban centers); (iii) connectivity to all villages/habitations through roads and bridges; and (v) year-round service. The draft road policy is presently under review by various state agencies.

3. The draft road policy will be implemented through the road development plan (RDP) prepared by the PWD in 2005. The RDP outlines a program of physical and non-physical investments aimed at: (i) surfacing all unsurfaced network roads; (ii) upgrading all physical safety features of roads to meet Indian Roads Congress standards; (iii) providing road links to all social facilities that are located more than 1.5 km from any given habitation; (iv) providing road links to all tourist centers and 60 to 70% of pilgrimage centers; (v) maintaining 85% of the network roads network in good condition after 2015; (vi) outsource all maintenance works on a competitive basis under performance based contracts (PBCs); and (vii) provide training in key areas to PWD staff.

4. The overall objective of the RDP is to improve the entire 16,800 km network of state roads within 10 years and maintain at least 90% of the network in a good condition with an international roughness index of less than 4.5. The total cost of implementing the RDP is estimated at approximately \$1.2 billion. According to the investment program set out in the RDP, approximately \$120 million of additional annual funding will be required over the next 10 years. While improved planning and budgeting procedures, new construction and maintenance standards, and increased supervision and monitoring can help reduce future expenditure, the forecast level of state and central government financing would be inadequate to fully implement the RDP.

5. The State is committed to financing the RDP through a combination of central, state and external sources. India has requested financial support from ADB to meet part of the State's external resource needs in accordance with ADB's road sector strategy for India. ADB has prepared an Investment Program in accordance with the India Country Strategy and Program Update (2004-2006) to help the State achieve its poverty reduction and economic development goals by financing part of the infrastructure and institutional capacity development costs of the RDP.

⁴ The total length of state highways is 696 km. PWD is responsible 437 km and the rest is the responsibility of the Border Roads Organization (BRO).

⁵ Totalling about 1,370 km.

⁶ Totalling about 12,200 km

III. Investment Program

(a) Objectives

6. The primary objectives of this Investment Program are to increase the: (i) efficiency and effectiveness of road transport by improving the physical condition of road infrastructure; and (ii) sustainability of the investment by strengthening staff and structure of the PWD.

(b) Components

7. Overall support under the investment program will be extended through two primary components: (a) infrastructure improvement (physical); and (b) Infrastructure management (non-physical). The infrastructure improvement component is intended to physically improve and maintain road links that will incrementally increase network connectivity, and accessibility to centers of economic activity and remote habitations. The intent of the infrastructure management component is to develop the capacity and the institutional arrangement of the PWD to better manage the road assets.

8. Accordingly, support under the infrastructure improvement component in each project will be extended to: (i) preparation of detailed project reports; (ii) works (repair, rehabilitation, reconstruction and 3 years of performance-based maintenance of about 10,800 km of state roads amounting to over 60% of the PWD network) ; (iii) supervision of civil works; and (iv) provision of support to increase the capacity of the program management unit (PMU) and project implementation units (PIUs) to administer contracts and ensure compliance with safeguards.

9. Support under the infrastructure management component will include: (i) establishing the strategic planning unit responsible for multi-year planning and programming road development activities; (ii) increasing stakeholder participation and transparency by establishing a Road Board; (iii) developing contractor capacity by improving contractor qualification and evaluation criteria; (iv) operationalizing the management information and project management system (MIPMS) developed; (v) revising operating procedures and mainstreaming area-wide PBCs; (vi) providing special training for staff to strengthen project management skills; and (vii) other policy, regulatory or operational activities agreed between ADB and the EA. The Infrastructure management components of subsequent projects, if necessary, will include support for improving road safety management and transport logistics improvements.

(c) Implementation

10. The program will be implemented sequentially as seven discrete projects over a period of ten years between 2007 and 2017. The projects will be sequentially prepared and appraised by the EA and submitted to ADB for review and inclusion in the Investment Program.

(d) Outputs

11. The main collective outputs of the seven projects would be: (i) 10,800 km of state roads improved⁷ to a good condition (amounting to about two thirds of the network); and (ii) a proactive and accountable PWD better equipped to manage road infrastructure.

12. The first Project⁸ (Project 1) of the Investment Program is intended to improve a sub-network of roads totaling about 570 km in length, for which pre-construction activities have been completed, and assist the PWD to: (i) undertake the organizational restructuring and business process re-engineering; (ii) increase staff skills and asset management capacity.

⁷ Includes improvements to transverse and cross-sectional drainage, minor widening, paving, repaving or reconstruction of pavements, and stabilizing slopes.

⁸ Prepared under ADB TA 4607-IN: Uttaranchal State Roads Project.

IV. Policy Dialogue

13. Improving physical condition of roads must be supplemented by non-physical measures such as improved driver licensing procedures, awareness campaigns, and increased enforcement of traffic laws, and emissions control to improve the operational efficiency. Moreover, improved roads cannot meet the mobility needs or fill the mobility gaps without improved road transport and modal integration. In particular, the development of the logistics industry and provision of intermodal transportation facilities will be needed in the future to derive the full benefits of the investment in road improvements. ADB will conduct a regular policy dialogue with the EA on these issues and continue to review and assist the State's efforts in key areas that emerge from the dialogue. Assistance will be provided through specific components of future projects in the Investment Program.

V. Roadmap and Monitoring

14. Financing plan and roadmap including the indicators of progress are presented in Table 1 below. Results and targets for the infrastructure improvement component are linked to the State's RDP, and the financing plan is based on the observed trend of financing for roads in the past 3 years and the State's expressed intent to increase road subsector spending.

Table 1(a). Investment Program
Physical Investments

Item	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
ROAD DEVELOPMENT PLAN													
Capital Investment - New Roads (\$ million)	125	60	60	60	60	60	60	60	60	60	60	60	600
Capital Investment - Improvement of Existing Roads (\$ million)					50	50	50	50	50	50	40	40	340
Maintenance (\$ million)	30	30	30	30	30	35	35	35	40	40	45	45	350
Total Funding Requirements (\$ million)	155	90	90	90	140	145	145	145	150	150	145	105	1,290
INVESTMENT PROGRAM		Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7					
A. Infrastructure Improvement Component													
Length of State Highways Improved (km)			140	110	90		10	50					400
Length of Major District Roads Improved (km)			150	450		40	350	100					1,090
Length Other District Roads Improved (km)			250	600	1,000	800	1,350	700	250				4,950
Length of Village Roads Improved (km)			60	90	650	750	100	700	800				3,150
Length of Light Vehicle Roads Improved (km)				10	100	350	0	200	550				1,210
Total Length of Improved Roads (km)			600	1,260	1,840	1,940	1,810	1,750	1,600				10,800
B. Financing Plan													
Total Funding Requirement (\$ million)		74	145	160	145	135	135	110					830
State Contribution (\$ million)		24	45	60	45	45	45	40					280
ADB Funding (\$ million)		50	100	100	100	90	90	70					550
PFR Due Date		1-Sep-06	01-Jun-07	01-Jun-08	01-May-09	01-May-10	01-May-11	01-May-12					
C. Performance Indicators													
Project 2 contracts awarded as civil works and 3-year performance-based contracts			✓										
PWD adopts PBCs as default maintenance contracting procedure						✓							
25% of PWD's maintenance contracts awarded as PBCs							✓						
Length of PWD Road Network in Good Condition at Year End (km)	0	600	1,860	3,700	5,640	7,450	9,200	10,800					
Length of PWD Road Network in Good Condition at Year End (% of Total)	0	4	11	22	34	44	55	64					

ADB - Asian Development Bank; km – kilometers; PBC – performance based contract; PFR – periodic financing request; PWD – Public Works Department;
Source: ADB Staff

Table 1(b) – Investment Program
Non-Physical Investments

	2006		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Infrastructure Management Component													
1. Restructuring of PWD and Regulatory Reforms													
(i) Head and staff of planning unit appointed			✓										
(ii) Planning unit starts updating RDP				✓									
(iii) Revisions to the Road Act and updating the Road Side Land Control Act			✓										
2. Corporate Governance and Financial Management													
(i) TOR and membership of Road Board finalized			✓										
(ii) Commencement of bi-annual meetings of the Board and publication of minutes				✓									
(iii) Financial Management Accountant and support staff assigned to planning unit			✓										
(iv) Commencement of preparation of multi-year budget based on RDP					✓								
(v) Management Information and Project Management System (MIPMS) development	✓												
(vi) Project management system installed at PWD			✓										
(vii) Publication of consolidated annual reports on PWD programs and performance					✓								
(ix) Operational manuals updated where necessary			✓										
(x) New operational procedures initiated													
3. Investment Program Implementation, Long-Term Asset Management and Construction Industry Capacity Development													
(i) Training needs assessed and training modules finalized			✓										
(ii) Training provided under Investment Program completed				✓									
(iii) Continuous periodic training provided by the EA					✓								
(iv) Contractor qualification and evaluation procedures developed			✓										
(v) Training and awareness workshops for contractors completed				✓									
(vi) Dialogue on road safety improvement initiatives			✓	✓									
(vii) Design and implementation of road safety improvement initiatives					✓	✓	✓	✓					
(viii) Training on revised PWD procedures completed				✓									
(ix) Training on safeguard compliance provided to PMU and PIU staff			✓	✓	✓	✓							

EA – executing agency; PWD – Public Works Department;
Source: ADB Staff

SCHEDULE 2

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
Impact Increased economic growth and reduced poverty in Uttaranchal	Households below the poverty line in Investment Program catchment areas decrease from 36% in 2006 to 20% by 2017	<ul style="list-style-type: none"> National and state public statistics Reports of Center for Monitoring Indian Economy Pvt. Ltd. 	Assumptions <ul style="list-style-type: none"> State transport service regulations and taxes are relaxed further to encourage new entrants into the operator market Risk <ul style="list-style-type: none"> State tourism and horticulture development programs are not advanced
Outcomes 1. Increased efficiency of inter- and intrastate transport services 2. Enhanced sustainability of road network in good condition 3. Increased operational transparency and governance of PWD	1.1 Increase in the number of goods vehicle permits issued from 600 to 750 per month by 2012 1.2 Increase in SRTC bus utilization rate from 200 to 250 km per bus per day by 2012 1.3 Increase in stage carriage permits issued from 15 to 20 per month by 2012 2.1 Routine maintenance cost reduced from \$1,400 to \$1,000 per km through area-wide PBCs by 2012 2.2 Average service life of periodic maintenance works increased from 3 to 5 years by 2012 3.1 Road Board functional by 1 January 2008 and holds formal meetings to discuss user concerns 3.2 External audits of financial accounts including	<ul style="list-style-type: none"> Post-implementation surveys Facility and project performance management systems 	Assumptions <ul style="list-style-type: none"> State funds for road sector are sustained at the level required to maintain the network roads PWD staff are provided adequate time to attend training programs Risks <ul style="list-style-type: none"> Rise in fuel prices and vehicle sales taxes Turnover of trained staff Environmental clearances and resettlement activities are delayed

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
4. National road development programs synergized	<p>procurement indicate full compliance with agreed procedures</p> <p>4.1 Share of roads in good condition connected to NHDP and PMGSY roads increased from 10% to 30% by 2010</p>		
<p>Outputs</p> <p>1. Paved, repaired, or rehabilitated state roads</p> <p>2. Staff with improved skills and revised operating procedures</p>	<p>1.1 At least 10,800 km of state roads are in good condition (IRI < 4.5) by 2015</p> <p>2.1 At least 200 PWD staff trained in one or more areas of planning, quality control, contract administration, safeguard compliance, and MIPMS usage by 2010</p> <p>2.2 State-wide programs after 2008 are prepared by PWD's central planning unit</p> <p>2.3 PWD initiates procurement of all works under PBCs by 2012</p>	<ul style="list-style-type: none"> Engineers' progress reports and audit reports submitted to ADB Review missions and project completion reports 	<p>Assumptions</p> <ul style="list-style-type: none"> First loan is effective by 1 March 2007 Advance procurement for Project 1 is completed by 1 March 2007 <p>Risk</p> <ul style="list-style-type: none"> Shortage of qualified contractors

Activities with Milestones	Inputs
<p>1.1 All improvement works under Project I are completed by 1 September 2008</p> <p>1.2 Preparatory activities of the last project to be financed under the Investment Program are completed and PFR submitted to ADB by 1 May 2012</p> <p>1.3 All road works financed under the Investment Program are completed by 31 December 2017</p> <p>1.4 Each road improved roads under the Investment Program is maintained according to predetermined performance standards for at least 3 years after the improvements</p> <p>2.1 Implementation of MIMPS by 1 June 2007</p> <p>2.2 Establishment of Road Board by 1 December 2007</p> <p>2.4 Planning Unit operational by 1 December 2007</p> <p>2.3 Training of PWD staff completed by 1 June 2008</p>	<ul style="list-style-type: none"> • ADB \$550 million • India \$280 million

ADB = Asian Development Bank; IRI = international roughness index; km – kilometers; NHDP = National Highway Development Program; MIPMS = management information and project management system; PBC = performance-based contract; PFR = periodic financing request; PMGSY = Pradhan Mantri Gram Sadak Yojana; PWD = Public Works Department; RDP = road development plan; SRTC = State Road Transportation Corporation.

SCHEDULE 3

IMPLEMENTATION FRAMEWORK

1. Unless modified or amended in related Loan or Project Agreements under the Facility, each project will be implemented as follows:
2. The State will provide counterpart funding for the Investment Program in accordance with the financing plan as well as any cost over-runs in excess of the contingencies, and for completing the implementation of the Road Development Plan.

Implementation Arrangements

3. (a) The Investment Program will be implemented as seven discrete Projects. The Uttaranchal Public Works Department will be the executing agency (EA). The Project Management Unit (PMU) set up by the State for the first Project (Project 1) will remain adequately staffed and functional for the entire duration of the Investment Program and will serve as the EA's representative;
- (b) The PMU would be responsible for day to day operation of the Program and periodic functions such as preparation of PFRs, announcement of Projects, engagement of consultants and contractors, preparation of reports, obtaining approvals from ADB and Government agencies, and overall supervision of consultants;
- (c) The PMU staff shall comprise of a Project Director and at least one planning and design engineer, procurement specialist, project finance manager, environment specialist, and social and resettlement specialist to help implement the provisions of the RF, IPDF and EARF. The Project Director reports to the Chief Engineer who, as the head of PWD, would be responsible for approving for submission to ADB through the Secretary PWD. The Secretary PWD would be responsible for inter-departmental coordination and overall supervision of the Investment Programs and individual Projects;
- (d) The EA will engage Program Support Consultants financed by the first loan, to assist the PMU to coordinate and facilitate timely processing and implementation of the Investment Program activities, and liaise with the consultants under individual Projects, within two months of effectiveness of the first loan;
- (e) The EA will establish an adequate number of Project Implementation Units (PIUs) in close proximity to the project sites, to manage the works contracts in each project, at least one month prior to the award of the first works contract under each project or no more than one month from the date of effectiveness of the loan for each Project, whichever comes first;
- (f) Each PIU will be headed by a superintendent engineer, assisted by an executive engineer and at least 2 other technical staff including staff with expertise in social development and environmental management, an accounts officer and 2 support/administrative staff. The EA will ensure that the PIUs recruit and retain. The Head of each PIU will coordinate and liaise with the Project Director of the PMU, and will be supported by the Program Support Consultants as and when needed;
- (g) The Steering Committee set up by the State to monitor and guide the Investment Program will remain for the entire duration of the Facility, and will be responsible for review and guidance on Project(s) implementation to ensure effectiveness and timeliness;
- (h) The Steering Committee will be headed by the Chief Secretary of Uttaranchal and will comprise the Secretaries of key state agencies; and

- (i) The State shall ensure that the composition of the Steering Committee, and the staff positions at the PMU and PIUs, agreed with ADB, remain fixed for the entire duration of the Facility, and the entire duration of the relevant projects.

Project Selection and Approval Procedure

4. (a) The EA will delegate necessary authority to designated staff of PMU for timely processing of PFRs and implementation of individual Projects. In this regard State will ensure active coordination with ADB for strict adherence to implementation schedules including, but not limited to, recruitment of consultants and safeguard compliances, as agreed under the Facility as well as for individual Projects.
- (b) The State through the EA will ensure that detailed project reports (DPRs) for all components of subsequent projects are prepared in accordance with the social, environmental and indigenous people frameworks agreed with ADB during Project 1, as amended from time to time;
- (c) The EA will ensure that the road sections to be improved under each Project are selected in accordance with the criteria set out in Schedule 4 of this Agreement, and the infrastructure management components are prepared in relation to the policy dialogue undertaken with ADB;
- (d) Whenever possible, works contracts awarded for each project will be for improvement and three-year performance based maintenance in accordance with ADB's Guidelines on Procurement (2006) and ADB's standard bidding documents and other reference documents acceptable to ADB;
- (e) The EA will submit the summary appraisal report based on the DPR and the draft PFR for each project to ADB for review at least 60 days prior to the PFR due date for that project; and
- (f) Subject to satisfactory completion of ADB suggested revisions and amendments, the EA will submit the finalized PFR to the Department of Economic Affairs for formal submission to ADB

Road Safety

5. The State will ensure strict adherence by contractors to national and state-road safety standards on signage, road markings, roadside structures, and maintenance, as well as to good practices in construction zone traffic management. As part of the mid-term review of the Investment Program, the State and ADB will conduct a road safety audit and, if necessary, implement any measures needed to revise the institutional mechanisms, financing modalities, and detailed implementing arrangements to improve safety performance.

Performance Monitoring and Reporting

6. (a) ensure that PWD, in consultation with ADB, develops within 3 months of the approval of the Facility an investment program performance monitoring system. Similarly within 3 months of the effective date of each Loan Agreement, PWD will develop a project performance monitoring system. The investment program performance monitoring system and project performance monitoring system will monitor and evaluate the impacts, outcomes, outputs and activities in relation to the targets and milestones set for the overall Investment Program and the project respectively;

;

(b) the EA will prepare and provide ADB with quarterly progress reports on all components of each Project and the Investment Program. Such reports will include information on progress made during the period of review pursuant to the preceding paragraph of this Schedule, a summary financial account for the Project(s) and Investment Program, changes, if any, in the implementation schedule, problems or difficulties encountered and remedial actions taken, anticipated problems and the proposed remedial measures, and work to be undertaken in the following period. The reports are to be submitted to ADB within 45 days from the close of each quarter.

(c) India will submit to ADB a Project completion report within 3 months of physical completion for each individual Project, and a Facility completion report within 3 months of physical completion of the Investment Program under the Facility. These reports shall cover a detailed evaluation of the Project and the Investment Program respectively, covering the design, costs, contractors' and consultants' performance, social and economic impact, economic rate of return, and other details as may be requested by ADB.

Review

7. (a) ADB, India, and the State will meet regularly as required, to discuss the progress of the Project(s) and any changes to implementation arrangements or remedial measures required to be undertaken towards achieving the objectives of the Project(s) and Investment Program.

(b) A mid-term review of Project(s) will be undertaken by ADB, India and the State will be undertaken in the fifth year from date of approval of the Facility by ADB. The review will focus on issues related to implementation arrangements, and agree on changes, if needed, to achieve the objectives of that Project(s).

Audits

8. All contracts financed by ADB in connection with the Facility will include provisions specifying the right of ADB to audit and examine the records and accounts of the EA and all contractors, suppliers, consultants, and other service providers as they relate to the Project(s) under the Facility.

9. (a) The EA will ensure that proper accounts and records are maintained and audited in a timely manner to adequately identify the use of Loan proceeds in such manner and detail as may be specified under each Loan Agreement and Project Agreement(s);

(b) In consultation with ADB, the EA will engage an independent private audit firm to conduct annual audits of consolidated accounts including procurement activities of each Project prior to the audit performed by the Comptroller and Auditor General of India; and

- (c) The EA will submit the annual financial statements and audited accounts for each Project to ADB not later than 6 months after the end of each fiscal year of the State.

Infrastructure Management

10. The State through the EA will:

- (a) with the assistance of the infrastructure management consultants, establish the Road Board (RB) chaired by Secretary PWD and comprised of at least one representative each of: passenger and freight transport providers' associations, state traffic police, state medical department, and any other agency that can provide input to increase the impact of the Investment Program and each Project; within 12 months of the first loan under the Facility becoming effective;
- (b) ensure that the RB Chair convenes bi-annual meetings and that the first meeting is convened within 18 months of the first loan from the Facility becoming effective;
- (c) (c) establish a separate planning unit under Chief Engineer I, with a head of division and technical and administrative staff responsible for reviewing and updating the RDP according to input from the districts and circles, setting performance standards, and monitoring infrastructure performance within 12 months of the first loan under the Facility becoming effective; and
- (d) ensure that PWD staff are required to follow the relevant training provided under the infrastructure management component of the Facility;
- (e) ensure that the Management Information and Project Management System (MIPMS) is operationalized by 1 June 2007 to facilitate (i) interlinking of budgeting and planning through the relational databases; and (ii) the computerization of EA's accounting and financial reporting system;
- (f) enhance the integrity of the procurement activities by introducing better internal controls based on the MIPMS..

SCHEDULE 4

SELECTION CRITERIA AND APPROVAL PROCESS FOR PROJECTS

Road

Selection Criteria

To be financed from the Facility as part of a project, each road should:

- (i) satisfy the requirements of the agreed financing framework agreement (FFA), environmental assessment and review framework (EARF), indigenous peoples development framework (IPDF), and the resettlement framework (RF) during the specified time frames without causing delays to the Project or Investment Program implementation schedules;
- (ii) be an existing section or the full extent of a state highway (SH), major district road (MDR), other district road (ODR), village road (VR) or light vehicle road (LVR), and be part of the network administered by PWD;
- (iii) be on the prioritized list⁹ in the Road Development Plan (RDP), with precedence given to the highest ranking roads. This prioritized road list will be updated annually and re-ranked after removing roads improved under other programs and adding roads that need urgent repairs ranked alongside roads in the existing list;
- (iv) provide access to or link remote communities which do not fall under the PMGSY program or other state and central schemes and improve overall network connectivity;
- (v) be improvable within the existing right-of-way and/or derive significant direct or indirect benefits in the form of year-round motorability, significant safety improvements, etc;
- (vi) be at least 5 km long. Roads shorter than 5 km in length will only be considered if improvement would offer: (a) significant benefits to the road network; (b) specific social benefits to disadvantaged groups of the population; (c) improved access to firm development proposal(s); and/or (d) improved access to identified tourist sites;
- (vii) be one for which necessary central and state government approvals have been or could be obtained in time for the Project or Investment Program implementation schedules to be maintained; and

Project Approval Procedure

Roads for improvement and components in Project 1, prepared under ADB's technical assistance¹⁰ have already been approved.

For subsequent Projects financed from the Facility, the approval procedures will be as follows:

- (i) in consultation with the PWD's Circle and Divisional offices, the PMU will update the priority list of the RDP by revising the priorities with specific

⁹ Details of the roads prioritized in 2005 and assigned to the first four projects are shown in Table A 1.

¹⁰ TA4607-IND: Uttaranchal State Roads

reference to the selection criteria listed above (or use annual RDP updates prepared by PWD's planning unit after it is fully functional);

- (ii) on the basis of the updated priority list, the PMU will identify the roads to be included in the next project to be financed under the Facility, and submit the project proposal to the Secretary PWD for approval;
- (iii) Upon approval of the Project proposal by the Secretary PWD, the PMU¹¹ will prepare detailed project reports (DPRs) for the Project roads in accordance with national, state and ADB's social and environmental requirements, economic criteria, and national and state technical standards for road design. Simultaneously, the PMU may initiate advance action in accordance with ADB's requirements;
- (iv) Based on the DPR detailing the analyses of environmental, social and economic analyses of all physical improvement to all roads included in the project, the PMU would prepare a summary project appraisal report in the format outlined in the investment program administration memorandum. The summary would include descriptions of all components (physical and non-physical) of the project;
- (v) The summary appraisal report will be approved by Secretary PWD and submitted to ADB together with the draft PFR for review; and
- (vi) If acceptable, the Secretary PWD will ensure that the draft PFR is modified and revised as required, and submit to ADB through the Department of External Affairs of the Government of India for presentation to the Board for approval.

Monitoring during Implementation

Adherence to guidelines, policies, and other requirements during pre-construction through reviews of supporting documentation, and during physical implementation through periodic review and progress reports will be undertaken by the State through the EA. The State, through the EA, will monitor Project impacts and contractor performance through specialists engaged by the EA to support the PMU and the supervision consultants financed from the Facility.

¹¹ Or its consultants.

SCHEDULE 5

ENVIRONMENTAL IMPACT ASSESSMENT REVIEW FRAMEWORK

A. Environmental Criteria for Road Selection

1. Roads to be improved under the Investment Program shall
 - (i) be selected from the priority roads listed in Appendix 4, or the prioritized list in the Road Development Plan at the time of selection; and
 - (ii) have minimal, if any, alignments through designated wildlife sanctuaries, national parks, areas that are of international significance (e.g., protected wetland designated by the Wetland Convention), or cultural heritage sites designated by United Nations Educational Scientific and Cultural Organization (UNESCO).

B. Environmental Assessment Requirements

2. The Government's environmental impact assessment requirements are based on the Environment (Protection) Act, 1986; the Environmental Impact Assessment Notification, 1994 and its amendment in 1997; the Ministry of Environment and Forest's (MOEF) Environmental Impact Assessment Guidelines for Rail, Road & Highways Projects, 1989; and the Indian Roads Congress Guidelines for Environmental Impacts Assessment (IRC:104-1988) of highway projects. In addition, the road improvement and rehabilitation activities require also to comply with Forest (Conservation) Act as amended in 1980; Forest (Conservation) Rules, 1981; Wildlife (Protection) Act 1972; Water (Prevention and Control of Pollution) Act 1974 (Amended 1988); Air (Prevention and Control of Pollution) Act 1981 (As Amended in 1987); and Noise Pollution (Regulation and Control) Rules, 2000.

3. These acts and regulations (para. 2) require
 - (i) clearance from MOEF in the form of an approved environmental impact assessment (EIA) report for all improvements and rehabilitation activities within the purview of environmental assessment notification and located in the protected areas and reserve forest areas;
 - (ii) clearance from the Uttarakhand Department of Forests to carry out the work within forest areas, to use forest land for non-forest purposes, and to fell roadside trees; the department also requires that cutting of trees be compensated by compensatory afforestation;
 - (iii) a no-objection certificate (consent to establish and consent to operate) from state Pollution Control Board before establishment and placement of hot-mix plants, quarrying and crushers, and batch mixing plants; and
 - (iv) permission from Uttarakhand Ground Water Board to extract water for construction purposes.
4. Based on the Government and Asian Development Bank's (ADB) *Environmental Policy* (2002), the Uttarakhand Public Works Department (PWD) is expected to undertake the following for the roads in the subsequent years:
 - (i) Perform an environmental assessment of each road depending on its potential impacts. Based on these potential impacts, each road must be classified in accordance with the Government's and ADB's environmental assessment guidelines, using the ADB's rapid environmental assessment.
 - (ii) Perform an EIA and prepare an environmental management and monitoring plan (EMP) for each road in category A. An initial environmental examination (IEE) and an EMP

should be prepared for all other roads or roads categorized as “B”. . A road will be categorized as A if

- (a) an in-depth assessment of the impacts and detailed studies are needed to prepare mitigation measures;
- (b) the alignments pass through or fall within 100 meters of ecologically sensitive areas, particularly designated wildlife sanctuaries, national parks, other sanctuaries, botanical garden, or area of international significance (e.g., protected wetland designated by the Wetland Convention); or within 300 meters of the coastline or pass through any cultural heritage sites designated by UNESCO; and
- (c) a bypass or realignment is required to avoid ecologically sensitive areas (mountainous, forested area, wetlands, nearby estuarine, or other important ecological areas).

(iii) For village roads and light vehicle roads to be improved as part of Investment Program, the IEE will be carried out using the IEE checklist and the standard EMP that have been used by Pradhan Mantri Gram Sadak Yojana (PMGSY)

C. Environmental Assessment Review Procedures and Authorities’ Responsibilities

1. PWD’s Responsibilities

5. PWD will

- (i) prepare environmental screening checklist and classify roads in consultation with Forest Department and/or Wildlife Conservation Department;
- (ii) based on the environmental classification of the roads, prepare terms of reference (TOR) to conduct IEEs or EIAs;
- (iii) engage environmental specialists to prepare the necessary IEE or EIA reports, including EMPs and summary EIAs for public disclosure;
- (iv) undertake initial review of the IEE and EMP, or EIAs, summary EIA, and EMP reports, to ensure compliance with the Government's and ADB's requirement
- (v) obtain necessary permits (e.g., environmental clearance, forest clearance, and water board clearance) from relevant government agencies before starting civil works on the roads;
- (vi) submit to ADB the IEE, or EIA and summary EIA, including EMP reports and all clearance certificates and conditionalities from the relevant government agencies for ADB's approval before starting road implementation;
- (vii) ensure that the EMPs, which include mitigation measures required during construction, are included in the bidding documents;
- (viii) ensure that contractors have access to the EIA, or IEE reports and EMP roads for the relevant roads;
- (ix) ensure that contractors understand their responsibilities to mitigate environmental problems associated with their construction activities;
- (x) ensure that the EMP and the accompanying environmental monitoring plan are properly implemented;
- (xi) in case unpredicted environmental impacts occur during project implementation, prepare and implement an environmental emergency program in consultation with relevant government agency and ADB, if necessary;
- (xii) in case a road needs to be realigned during program implementation, review the environmental classification and revise accordingly; identify whether supplementary IEE or EIA study is required; and, if required, prepare TOR for undertaking a supplementary IEE or EIA, and require an environment specialist to carry out the study; and

- (xiii) submit annual reports on performance of EMPs and details of environmental emergency programs (if any) to the state Pollution Board, MOEF, and ADB.

2. ADB Responsibilities

6. ADB will

- (i) review IEE and/or EIA reports, which will be the bases for issuing road approvals;
- (ii) review summary EIA reports, and disclose them through ADB's Web site;
- (iii) review the performance of the EMP implementation, and conduct due diligence analyses as part of overall project review mission; and
- (iv) if required, provide assistance to PWD in carrying out its responsibilities to implement the Investment Program.

D. Compliance with the ADB's Environmental Policy—Due Diligence

7. ADB must be given access to undertake environmental due diligence for all roads, if needed. However, PWD has the main responsibility for undertaking environmental due diligence and monitoring the implementation of environmental mitigation measures for all roads. The due diligence report, as well as monitoring implementation of the environmental management plan as part of the annual report, needs to be documented systematically.

E. Public Disclosure

8. PWD is responsible for ensuring that all environmental assessment documentation, including the environmental due diligence and monitoring reports, are kept properly and systematically as part of the PWD project record.

9. All environmental documents are subject to public disclosure. As such, these documents should be made available to public, if requested

10. For a category A road, the summary EIA needs to be disclosed to the public through ADB, 120 days before approval of each project.

F. Institutional Arrangements

11. The executive engineers in PWD divisional offices have been assigned to process environment-related clearances for all projects within PWD. The chief engineer at the department level and the division office at the district level will monitor execution of PWD's projects. However, PWD's activities have specific guidelines or instructions on managing environmental impacts. Therefore, with ADB's requirement to mainstream environmental and social concerns in its development program, PWD needs to institutionalize such concerns.

12. To implement the Investment Program, the project management unit (PMU) at the department level has been established with staff seconded from PWD. Environmental and social development experts will support the PMU in implementing this environmental assessment and review framework (EARF). These experts will assist the project implementation units (PIU), which will be responsible for managing the roads. PIU executive engineers, who will be trained on environmental management by the PMU specialists, will monitor implementation of the environmental management plan in the field. Nine PIUs are expected to be established.

13. Cost of conducting training, undertaking the environmental monitoring, hiring environmental specialists, and implementing the EARF will be financed under the Uttaranchal State-Road Investment Program.

II. RESETTLEMENT FRAMEWORK

A. Introduction

1. The State Government of Uttaranchal (SGOU) has embarked on a 10 year road improvement program, the Uttaranchal State Roads Investment Program (USRIP), to support the State's 'Infrastructure Vision'. Under Asian Development Bank's (ADB) multi tranche financing facility (MFF) for USRIP, there will be two major components i.e. improvement of existing road network around 10,800 km comprising of several projects and strengthening the infrastructure management capacity of Uttaranchal's Public Works Department(PWD) which will be the executing agency for USRIP. The First component will focus on improving the condition of the existing road network by carrying out rehabilitation and reconstruction works that are mostly confined within the existing right-of-way (ROW).

2. Following the Strategic Option Study (SOS) and the Pre feasibility Study (PFS), PWD has identified and prioritized around 5,600 kilometer of roads for improvement. Out of the prioritized roads, pre-construction work on 573 kilometers of roads (comprising 23 roads), which will form Project 1 has been completed. The scope of Project 1 road improvement component includes strengthening and reconstruction of selected sections of State Highways (SH), Major District Roads (MDR) and Other District Roads (ODR). In general, the existing single lane carriageway (3.5m) will be retained with some standardization. Upgradation to intermediate (5m) and two lane carriageway (7m) may be necessary on technical/traffic/safety grounds in a relatively few cases. Final selection of road sections and DPRs for subsequent Projects will be prepared during implementation of USRIP.

3. This Resettlement Framework (RF) has been formulated to guide the preparation of RPs when necessary for roads in subsequent Projects. The RF identifies the broad scope of the Project and outlines the policy, procedures and institutional requirements for preparation and implementation of RPs for the roads where the improvements would result in resettlement impacts. The Project Management Unit (PMU) of Uttaranchal Public Works Department (PWD) through Project Implementation Units (PIU) or the regional offices will be responsible for conducting the social assessment and formulating RPs as per procedure outlined in this RF. The draft RPs will be disclosed to the affected persons in local language and submitted to ADB for review and approval prior to awarding of civil works contracts for relevant roads. Compensation and other assistances will have to be paid to APs prior to commencement of construction activities.

B. Review of Government Policy and ADB Requirements

4. In India, compensation for land acquisition (LA) and resettlement assistance for project-affected people is governed by the Land Acquisition Act (1894), which has been amended from time to time. The State Government, at present does not have any policy on Resettlement and Rehabilitation. Under the Land Acquisition Act of 1894, compensation is paid only to the legal titleholders and does not provide any compensation package to the non title holders like encroachers, squatters etc. However, a National Policy on Resettlement and Rehabilitation of project Affected Families, 2004 known as NPRR-2004 has been adopted by the GOI to address development-induced resettlement. The policy essentially addresses the need to provide succor to the asset less rural poor, support the rehabilitation efforts of the resource poor sections, namely, small and marginal farmers, SCs/ STs and women who have been displaced.

5. The National Policy on the Resettlement and Rehabilitation of Project Affected Families as a broad guideline and executive instructions for guidance of all concerned, is applicable only to Projects displacing 500 families or more en masse in plain areas and 250 families en masse in hilly areas, Desert Development Program (DDP) blocks, areas mentioned in Schedule V and Schedule VI of the Constitution of India. It is expected that the appropriate Government and Administrator for R&R shall implement this Policy in letter and spirit in order to ensure that the benefits envisaged under the Policy reaches the Project Affected Families, especially resource poor sections including SCs and STs. The main objectives of the Policy are:

- To minimize displacement and to identify non-displacing or least-displacing alternatives;
- To plan the resettlement and rehabilitation of Project Affected Families (PAFs) including special needs of tribals and vulnerable sections;
- To provide better standard of living to PAFs; and
- To facilitate harmonious relationship between the Requiring Body and PAFs through mutual cooperation.

6. For acquisition of strips of land for railway lines, highways, transmission lines and pipelines, only an ex-gratia payment of Rs 10,000 per family is to be paid under NPRR. This policy does not recognize squatters and encroachers and there is no provision of resettlement assistance and transitional allowances etc. However, despite these provisions, the policy does not define that the compensation of lost assets must be on the basis of replacement cost. The Asian Development Bank's (ADB) Policy of *Involuntary Resettlement* (1995) on the other hand, recognize & address the R&R impacts of all the affected persons irrespective of their titles and requires for the preparation of RP in every instance where involuntary resettlement occurs. The ADB policy requirements are:

- avoid or minimize impacts where possible;
- consultation with the affected people in project planning and implementation;
- payments of compensation for acquired assets at the replacement value;
- ensure that no one is worse off as a result of resettlement and would maintain their at least original standard of living.
- resettlement assistance to affected persons, including non-titled persons; and
- special attention to vulnerable people/groups.

C. Resettlement Principles for the Project

7. Based on the above analysis of government provisions and ADB policy the broad resettlement principle for this project shall be the following:

- The negative impact on persons affected by the project would be avoided or minimized as much as possible;
- Where the negative impacts are unavoidable, the persons affected by the project and vulnerable groups will be identified and assisted in improving or regaining their standard of living.
- Information related to the preparation and implementation of resettlement plan will be disclosed to all stakeholders and people's participation will be ensured in planning and implementation. All RPs for the roads with resettlement impacts will be disclosed to the APs;
- Land acquisition for the project would be done as per the Land Acquisition Act, 1894. The Act specifies payment of adequate compensation for the properties to be acquired. Additional support would be extended for meeting the replacement value of the property. The affected persons who does not own land or other properties, but have economic interests or lose their livelihoods will be assisted as per the broad principles described in this document.
- Widening and strengthening work will take place mostly on the existing alignment except at

locations where the existing alignment may require shifting to accommodate bridges reconstructed in new locations adjacent to existing structures;

- Before taking possession of the acquired lands and properties, compensation and R&R assistance will be paid in accordance with the provision described in this document;
- An entitlement matrix for different categories of people affected by the project has been prepared and provisions will be kept in the budget for those who were not present at the time of census survey. However, people moving in the project area after the cut-off date will not be entitled to any assistance. In case of land acquisition the date of notification for acquisition will be treated as cut-off date. For non-titleholders such as squatters and encroachers the date of project census survey or a similar designated date declared by the executing agency will be considered as cut-off date.
- Appropriate grievance redressal mechanism will be established at the district level to ensure speedy resolution of disputes.
- All activities related to resettlement planning, implementation, and monitoring would ensure the involvement of women and other vulnerable groups.
- Consultations with the APs will continue during the implementation of resettlement and rehabilitation works.

8. In accordance with the resettlement and rehabilitation (R&R) measures suggested for the project, all affected households and persons will be entitled to a combination of compensation packages and resettlement assistance depending on the nature of ownership rights on lost assets and scope of the impacts including socio-economic vulnerability of the affected persons and measures to support livelihood restoration if livelihood impacts are envisaged. The affected persons will be entitled to the following five types of compensation and assistance packages (i) compensation for the loss of land, crops/ trees at their replacement value; (ii) compensation for structures (residential/ commercial) and other immovable assets at their replacement value; (iii) assistance in lieu of the loss of business/ wage income; (iv) assistance for shifting, and (v) rebuilding and/ or restoration of community resources/facilities.

D. Valuation of Affected Assets

9. Land surveys for determining the payment of compensation would be conducted on the basis of updated official records and ground facts. The land records containing information like legal title, and classification of land will be updated expeditiously for ensuring adequate cost compensation and allotment of land to the entitled displaced persons. Records as they are on the cut-off date will be taken into consideration while determining the current use of land. The uneconomic residual land remaining after land acquisition will be acquired as per the provisions of Land Acquisition Act. The owner of such land/property will have the right to seek acquisition of his entire contiguous holding/ property provided the residual land is less than the average land holding of the district.

10. For land acquisition the District Collector (DC) will decide the compensation for acquired land as per the legal provisions. The EA will determine the replacement cost of land and assets to be acquired based on market value through an independent valuer preferably hired from land and revenue department. If the compensation amount is less than the replacement value of the land, the DC/competent authority will award the compensation and the difference between the award rate and the replacement rate will be paid by the EA as 'assistance'.

11. The value of houses, buildings and other immovable properties will be determined on the basis of relevant Basic Schedule of Rates (B.S.R.) as on date without depreciation. While considering the BSR rate, EA will ensure that it uses the latest BSR for the residential and commercial structures in the urban and rural areas of the region. Compensation for properties belonging to the community or common places of worship will be provided to enable construction of the same at new places through the local self-governing bodies / appropriate authority in accordance with the modalities determined by

such bodies / authority to ensure correct use of the amount of compensation. Compensation for trees will be based on their market value. Loss of timber bearing trees will be compensated at their replacement cost while the compensation for the loss of fruit bearing trees will be decided by the EA as per prevailing rate of forest department. All compensation and other assistances will be paid to all APs before taking possession of the land/properties.

12. The independent valuer hired by the PIU will determine the replacement value of land, structure and other assets. In determining *the replacement value of land* the independent valuer will: (i) appraise recent sales and transfer of title deeds and registration certificates for land in urban and rural areas of the district and (ii) determine whether the rates established for the project are sufficient to purchase the same quality and quantity of land based on compilation of appraised rates. The valuation of *crops and trees* will be based on (i) survey of market prices in the district and adjacent districts for different types of crops to establish an average market price and an assessment to know whether the compensation is less or greater than that price; (ii) income loss will be calculated as annual produce value for at least 3 seasons depending on the nature of crops/trees. For *structures* consultation will be carried out with the owners to determine (i) sources and cost of materials, whether the materials are locally available; (ii) type of shops (private or state-owned); (iii) distance to be traveled to procure materials; (iv) obtaining cost estimates through consultation with three contractors/suppliers in order to identify cost of materials and labor; (v) identifying the cost of different types of houses of different categories and compare the same with district level prices.

13. After payment of compensation, APs would be allowed to take away the materials salvaged from their dismantled houses and shops and no charges will be levied upon them for the same. A notice to that effect will be issued intimating that APs can take away the materials. APs receiving compensation for trees will be allowed to take away timber of their acquired trees for their domestic use in conformity with state laws. Trees standing on the land owned by the government will be disposed off through open auction by the concerned Revenue Department/ Forest Department. APs will be provided with an advance notice of three months prior to relocation. Further, all compensation and assistance will be paid to all APs in the first section of each contract package prior to commencement of civil works in first section and displacement or dispossession of assets. The subsequent sections under each contract package will be handed over to the contractor after payment of compensation/assistance to the APs is completed for each section. Subsequent to the award of a contract package to a contractor in any Project in the Investment program, ensure that roads or sections of roads (sites) in that package are not handed over to the contractor unless all applicable provisions of the RF, IPDF, and EARF are satisfied. The PMU will provide to ADB, satisfactory evidence of payment of compensation and assistance to the APs.

E. Entitlement Matrix

14. Compensation for the lost assets to all APs will be paid on the basis of replacement value. Resettlement assistance for lost income and livelihoods will be provided to both title holders and non-title holders such as people with traditional or customary land rights, roadside residences/ SBE owners with permits from Panchayat (local government body) and other local agencies to which they are paying annual tax for the same. The “Vulnerable Group” comprises of APs living below poverty line (BPL), SC, ST, women headed households and the elderly and disabled. An Entitlement Matrix (**Table 1**) has been developed, which recognizes and lists various types of losses resulting out of the project and provides for compensation and resettlement packages.

Table 1: Entitlement Matrix

S. N.	Type of Loss	Unit of Entitlement	Entitlement	Details
A. LOSS OF LAND AND ASSET				
1	Loss of Agricultural land and assets	a) Titleholder b) APs with customary land right c) Permit from local authority	<ul style="list-style-type: none"> ▪ Compensation at replacement value ▪ Resettlement Assistance ▪ Transitional allowance ▪ Special provision for vulnerable group 	<p>a) Compensation will be paid as per the LA act.</p> <p>b) If the compensation determined by the Competent Authority/DC as per LAA is less than the replacement value”, then the difference is to be paid by the EA as assistance.</p> <p>c) If the residual plot(s) is (are) not viable, i.e., the AP becomes a marginal farmer, any of the following three options are to be given to the AP, subject to his acceptance:</p> <ul style="list-style-type: none"> • The AP remains on the plot, and the compensation and assistance paid to the tune of required amount of land to be acquired. • Compensation and assistance are to be provided for the entire plot including residual part, if the owner of such land wishes that his residual plot should also be acquired by the EA, the EA will acquire the residual plot and pay the compensation for it. • If AP is from vulnerable group, compensation for the entire land by means of land for land will be provided if AP wishes so, provided that the land of equal or more productive value is available. <p>d) Transitional allowance of Rs. 3000/- per month for 6 months if the residual land is not viable or for 3 months when the residual land is viable. This will be calculated by prevalent daily wage rate.</p> <p>e) All fees, stamp duties, taxes and other charges, as applicable under the relevant laws, incurred in the relocation and rehabilitation process, are to be borne by the EA.</p>
2	Loss of non-agricultural land (i.e.-homestead and residential	a) Titleholder/ Owner (Residential land and	<ul style="list-style-type: none"> ▪ Compensation at replacement value ▪ Resettlement 	<p>a) Compensation for land and structure will be paid as per LA act.</p> <p>b) If replacement cost for land</p>

S. N.	Type of Loss	Unit of Entitlement	Entitlement	Details
	structures)	structure) b)APs with customary land rights c)Permits from local authority	Assistance ▪ Transitional allowance ▪ Shifting assistance	and structure is more than the compensation determined by the Competent Authority/DC, then difference is to be paid by the EA in the form of "assistance". c) Replacement value for residential structure (part or full), which will be calculated as per the prevailing basic schedule of rates (BSR) without depreciation, subject to relevant "quality standards" of BSR as maintained by Govt. /Local Body. d) Transitional assistance of Rs. 3000/- per month in the form of grant to cover a maximum nine months rental accommodation. e) A lump sum shifting allowance of Rs. 1500 to 2500/- depending on the type of structure and extent of impact. f) Right to salvage material from demolished structure and frontage etc. g) Project assisted relocation option will be provided to those whose residential structures becomes non-livable as a result of Project impacts and a relocation site will be developed in consultation with these affected households (subject to availability of land)
3	Loss of non-agricultural land (i.e.-loss of Commercial land and structures)	a)Titleholder/ Owner (Commercial land and structure) b)APs with Customary land right c)Permits from Local Authority	▪ Compensation at Market rate or Replacement value ▪ Resettlement Assistance ▪ Transitional allowance ▪ Shifting assistance	a) Compensation for the loss of land and structure will be paid at the replacement value. b) If replacement cost for land and structure is more than the compensation determined by the Competent Authority, then difference is to be paid by the EA in the form of "assistance". c) AP will be provided replacement cost of the commercial structure (part or full), which will be calculated as per the prevailing basic schedule of rates (BSR) without depreciation, subject to relevant "quality standards" of BSR as maintained by Govt. /Local Bodies. d) Transitional assistance of Rs. 3000/- per month in the form of grant for maximum period of nine months.

S. N.	Type of Loss	Unit of Entitlement	Entitlement	Details
				<p>e) A lump sum shifting allowance of Rs. 1500 to 2500/- depending on the type of structure and extent of impact.</p> <p>f) Right to salvage material from demolished structure and frontage etc.</p> <p>g) Training would be provided for upgradation of skills.</p> <p>h) Project assisted relocation option will be provided to those commercial structures can no longer be used as a commercial enterprise as a result of the Project and a relocation site will be developed in consultation with these affected households (subject to availability of land)</p>
4	Loss of Residential Tenancy	Residential Tenants	<ul style="list-style-type: none"> ▪ Relocation Assistance ▪ Compensation ▪ Shifting assistance 	<p>a) The amount of deposit or advance payment paid by the tenant to the landlord or the remaining amount at the time of expropriation. (This will be deducted from the payment to the landlord).</p> <p>b) A sum equal to 3 Months rental or Rs 3000/- per month, whichever is lesser in consideration of the disruption caused.</p> <p>c) Compensation for any structure that tenant has erected on the property. (This will be deducted from the payment to the landlord).</p> <p>d) A lump sum shifting allowance of Rs. 1500 to 2500/- depending on the type of structure and extent of impact.</p>
5	Loss of Commercial Tenancy	Commercial Tenants	<ul style="list-style-type: none"> ▪ Relocation Assistance ▪ Compensation ▪ Shifting assistance 	<p>a) The amount of deposit or advance payment paid by the tenant to the landlord or the remaining amount at the time of expropriation. (This will be deducted from the payment to the landlord).</p> <p>b) A sum equal to 3 Months rental or Rs 3000/- per month, whichever is lesser in consideration of the disruption caused.</p> <p>c) Compensation for any structure the tenant has erected on the property. (This will be deducted from the payment to the landlord).</p>

S. N.	Type of Loss	Unit of Entitlement	Entitlement	Details
				d) A lump sum shifting allowance of Rs. 1500 to 2500/- depending on the type of structure and the extent of impact.
B. LOSS OF LIVELIHOOD OF TITLEHOLDERS				
6	Loss of wage earnings	a) employ in SBEs b) agricultural laborer/share-croppers	Assistance	a) This is valid for persons indirectly affected due to their employer being displaced. Assistance is to be paid on a case by case basis, as per the prevailing local wage rates for 100 days. b) Employment opportunity for APs in the road construction work if desired so by them.
7	Income from non-perennial crops and trees	Household	<ul style="list-style-type: none"> ▪ Notice to harvest standing crops ▪ Compensation of standing crops 	a) Advance notice to APs to harvest their crops; b) In case of standing crops, cash compensation at current market value. c) Grant for replacement of seeds for the next season's harvest towards loss of crops before harvest due to forced relocation. d) Trees will be compensated as per prevailing rate of Forest Department.
8	Perennial crops such as fruit trees	Household	Compensation at "market value"	a) Advance notice to APs to harvest their crops and fruits b) Compensation for perennial crops and trees calculated as annual produce value for at least 3 seasons. c) Grant for replacement of seeds for the next season's harvest towards loss of crops before harvest due to forced relocation. d) Trees will be compensated as per prevailing rate of Forest Department
C. LOSSES OF NON-TITLEHOLDERS				
9	Loss of agricultural land, residential and commercial structure by encroachers	Households who have illegally extended their legally owned land/property onto public or other private land	<ul style="list-style-type: none"> ▪ No compensation for land ▪ Compensation for structures to only vulnerable household ▪ Shifting assistance for vulnerable encroachers ▪ R&R Assistance only to 	a) Encroachers will be notified and given a time in which they will be required to remove their assets and harvest their crops. b) Compensation for structures at replacement cost to the vulnerable households. c) Training would be provided for upgradation of skills to the APs belonging to vulnerable groups and losing their commercial structures. d) Shifting allowance of Rs. 1500

S. N.	Type of Loss	Unit of Entitlement	Entitlement	Details
			vulnerable households ▪ Right to salvage materials	to 2500/- lump sum for shifting depending on the type of structure and extent of impact. e) Right to salvage materials from the demolished structure.
10	Loss of residential and commercial structure by Squatters/ Informal settlers	Households living /earning their livelihood by illegally occupying public or private land.	▪ No compensation for land ▪ Compensation for structures. ▪ Shifting assistance ▪ R&R Assistance ▪ Right to salvage materials	a) Compensation for loss of structure at replacement cost. b) A lump sum shifting amount of Rs. 1500 to Rs. 2500 depending on the type of structure. c) Squatters/informal settlers will be notified and given a time in which they will be required to remove their assets. d) Transitional allowance of Rs. 3000 for a period of 3 to a maximum of 6 months depending on the extent of impact. e) Training would be provided for upgradation of skills to the APs losing their commercial structures. f) Right to salvage material from the demolished structure. g) Project assisted relocation option will be provided to those whose residential / commercial structures become non-livable as a result of project impacts and relocation site will be developed in consultation with these affected households (subject to availability of land)
11	Shifting Business – Mobile Vendors	Household	Not eligible for compensation or “assistance”	Ambulatory vendors who have been granted license for operating will be considered as kiosk.
12	Kiosks	Household	“Assistance” for business disruption	Vendors who have been granted license for operating from a fixed location will be considered as kiosk. Assistance will be paid as one time lump sum amount of Rs. 3000.
D. ADDITIONAL SUPPORT TO VULNERABLE GROUP				
13	Primary source of income	Vulnerable households including BPL, SC, ST, WHH, disabled and elderly	Additional assistance to vulnerable groups	One time lump sum assistance of Rs. 5000/- to vulnerable households. This will be paid above and over the other assistance(s) as per this framework.
E. LOSS OF COMMUNITY INFRASTRUCTURE/COMMON PROPERTY RESOURCES				
14	Common Property Resources	Community	Compensatory replacement	Cash compensation or reconstruction of the community structure in consultation with the community.

S. N.	Type of Loss	Unit of Entitlement	Entitlement	Details
15	Temporary impact during construction include disruption of normal traffic, increased noise levels, and damage to adjacent parcel of land / assets due to movement of heavy machinery	Community / Individual	Compensation	<ul style="list-style-type: none"> The contractor shall bear the cost of any impact on structure or land due to movement of machinery during construction All temporary use of lands outside proposed RoW to be through written approval of the landowner and contractor. Location of Construction camps by contractors in consultation with PWD.
F. ANY OTHER IMPACT				
16	Unforeseen impacts if any	Unforeseen impacts will be assessed on case by case basis and suitable compensation / assistance will be paid as deemed fit by the Executive Agency/ State government.		

15. The above Entitlement Matrix has been developed on the basis of social assessment carried out in the Project roads. In case, during loan implementation additional impacts are identified the entitlement matrix will be updated by including provision of compensation and assistance for the additional impacts as per the Resettlement Framework.

F. Procedure for RP Preparation

16. Resettlement Plans for each road with resettlement impacts will be prepared in the following manner:

- (i) the PIU with guidance from PMU will undertake census and a socio-economic survey of at least 20% of affected people inclusive of people having major impacts, together with local-level impact data, for each identified road through consultants engaged for the detailed technical design;
- (ii) if impacts are found to be significant¹², full RPs (refer Appendix 1) will be prepared for each road;
- (iii) if impacts are not significant, short RPs (refer Appendix 2) will be required for each road, and
- (iv) RP will include measures to ensure that socio-economic conditions, needs, and priorities of women are identified and that the process of land acquisition and resettlement does not disadvantage women.

¹² Resettlement is significant when 200 or more people experience major impacts. Major impacts are defined as involving affected people being physically displaced from housing and/or having 10% or more of their productive, income generating assets lost.

17. The PMU, and consultants for Project preparation and implementation will include social development specialists familiar with ADB policy and procedures for the preparation of RPs. RPs will comply with national / state resettlement policies and the principles outlined in this agreed RF and ADB's policy on *Involuntary Resettlement* (1995). Approval of RPs for each road by ADB will be a condition for the contract of civil works, including compensation payments prior to displacement. In case of land acquisition the date of notification for acquisition under LAA will be treated as cut-off date. For non-titleholders such as squatters and encroachers the date of project census survey or a similar designated date declared by the EA will be considered as cut-off date. The PMU through the PIUs will ensure that this RF is closely followed when any RP is formulated for a road. The PMU will further ensure that adequate resettlement budgets are delivered on time to PIUs, and involve NGOs for timely implementation of RP.

G. Institutional Arrangements

18. The existing Public Works Department of Uttaranchal has already set up a Project Management Unit (PMU) in Dehradun. This office will be functional for the whole Project duration. For resettlement activities, PMU will do the overall coordination, planning, implementation, and financing. The PMU will create a Resettlement Cell (RC) with appointment of a Resettlement Officer (RO) (in the rank of an executive engineer) and required support staff for the duration of the Project to ensure timely and effective implementation of RPs. The RO will be assisted by the consultant appointed by PWD for preparation of RPs for Project 2 roads. A social development / resettlement specialist under Supervision consultant engaged under the loan will be responsible for preparation of the RPs for the required roads in Project 3 and subsequent projects.

19. Project Implementation Unit (PIU) will be established at PWD Circle level for the implementation of Projects. The PMU will coordinate with PIUs for road level RP related activities, and each PIU will additionally designate one senior staff (Not below the rank of an Executive Engineer) to co-ordinate the resettlement activities. The PIU, if required depending on the workload will also appoint an assistant resettlement officer (ARO) in rank of assistant engineer who will either be deputed to the PIU or engaged on contractual basis having adequate land acquisition implementation expertise. The staffs at the PIU level will be provided with the training by the social/resettlement specialist of the supervision consultant for implementation of the RP. The PIU will maintain all databases, work closely with APs and other stakeholders and monitor the day today resettlement activities.

20. Involuntary resettlement is a sensitive issue and strong experience in R&R matters along with community related skills will be required by the PIU in order to build a good rapport with the affected community and facilitate satisfactory R&R of the APs. To overcome this deficiency, experienced and well-qualified NGO in this field will be engaged to assist the PIUs in the implementation of the RP. Keeping in view the minimum resettlement impacts occurred from the project only one NGO will be hired for the Project -1 roads. The NGO would play the role of a facilitator and will work as a link between the PIU and the affected community.

21. A Grievance Redress Committee (GRC) at PIU level will be formed to deal with the disputes and AP's grievance and facilitate timely implementation of the Project. The GRC will be headed by the DC or a representative from the collector's office. The GRC will have from the PIU office, representatives of APs, particularly of vulnerable APs, local government representatives, NGOs and other interest groups. The GRC will meet as and when grievances are referred to it for redress. Other than disputes relating to ownership rights under the court of law, GRC will review grievances involving all resettlement benefits, compensation, relocation, and other assistance.

22. The institutional arrangement for resettlement planning and implementation is presented in the Figure 1 and the roles and responsibilities of various agencies are summarized in Table 2.

Figure 1: Institutional Arrangement for Resettlement Planning and Implementation

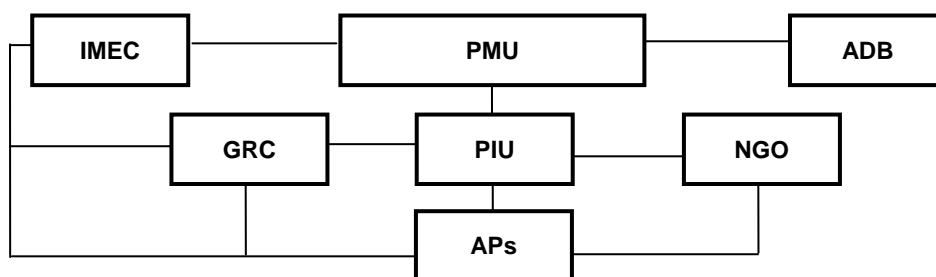


Table 2: Agencies Responsible for Resettlement Implementation

Activity	Agency Responsible
Establishment of Resettlement Units in PMU and appointment of Resettlement officer (RO)/ARO	PMU
Organizing resettlement training workshop	PMU
Social Assessment and Preparation of land acquisition plan, Resettlement Plan (RP)	PMU through PIU/Design Consultant
Hiring of (Non Government Organization) NGOs	PMU
Public consultation and disclosure of RP	PIU/ Design Consultant/NGO
Co-ordination with district administration for land acquisition	PIU/ Design Consultant
Declaration of cut-off date	PMU/PIU
Review and obtaining of approval of resettlement plan form ADB	PMU
Submission of land acquisition proposals to District Collector	PIU
Compensation award and payment of compensation	District Collector
Payment of replacement value allowance	PIU
Taking possession of acquired land and structures	PIU
Handing over the acquired land to contractors for construction	PIU
Notify the date of commencement of construction to APs	PIU/NGO
Assistance in relocation, particularly for vulnerable groups	PIU/ NGO
Internal monitoring of overall RP Implementation	PIU/NGO
External Monitoring and Evaluation (M&E)	(IMEC)

H. Public Consultation and Disclosure of RP

23. Project information will be disseminated by PMU and PIU through public consultation and provision of project information. Each RP will be prepared and implemented in close consultation with the stakeholders, particularly APs, through focus group discussions and stakeholder consultation meetings. Women participation will be ensured by involving them in public consultation at various level and stages of project preparation. A resettlement information leaflet containing information on compensation and resettlement options will be made available in local language(s) and distributed to APs. Each AP will be provided information regarding specific entitlements. The RPs will be disclosed to affected persons and on the PWD/PMU website and their respective local offices. The summary RP will be disclosed in ADB website also.

I. Monitoring and Evaluation

24. Internal project monitoring and evaluation will be carried out by PMU/PIU and the NGO. An Independent Monitoring and Evaluation Consultant (IMEC) will be hired for the external monitoring and evaluation of the project. Looking at the minimum impacts expected from the project, the external

monitoring and evaluation shall be done by engaging individual consultant with an intermittent input for the project period. Internal monitoring will be the responsibility of the PMU/PIU and NGO. The internal monitoring by PMU/PIU will include:

- (i) **administrative monitoring:** daily planning, implementation, feed back and trouble shooting, individual AP database maintenance, and progress reports;
- (ii) **socio-economic monitoring:** case studies, using baseline information for comparing AP socio-economic conditions, evacuation, demolition, salvaging materials, morbidity and mortality, community relationships, dates for consultations, and number of appeals placed; and
- (iii) **impact evaluation monitoring:** Income standards restored/improved, and socioeconomic conditions of the affected persons. Monitoring and evaluation reports documenting progress on resettlement implementation and RP completion reports will be provided by the PIU to PMU for review and approval from ADB.

25. For external project monitoring and evaluation, the PMU will engage an individual Independent Monitoring and Evaluation Consultant (IMEC). The person, with previous experience in resettlement activities and familiarity with Government and ADB resettlement policy, will be engaged with ADB concurrence within three months of the loan effectiveness. The IMEC will monitor and verify RP implementation to determine whether resettlement goals have been achieved, livelihood and living standards have been restored, and provide recommendations for improvement. Monitoring will also ensure recording of AP's views on resettlement issues such as; AP's understanding of entitlement policies, options, and alternatives; site conditions; compensation valuation and disbursement; grievance redress procedures; and staff competencies. The IMEC will also evaluate the performance of the PIU and NGOs. The IMEC will also evaluate the performance of the PIU and NGOs. PMU will submit quarterly progress reports and the IMEC will report its findings simultaneously to the EA and to ADB twice a year. Financial provisions will be made under the project budget for above suggested institutional arrangement such as establishing RC, appointment of RO, hiring of NGO and hiring of IMEC etc.

J. Implementation Schedule

26. The period for implementation of RPs for all roads in Project 1 will be from first quarter of 2007 to first quarter of 2011. In this context, the RP implementation process will be considerably shortened in most of the cases because of no involvement of land acquisition. Monitoring and evaluation will continue beyond the period of implementation, planning, surveying, assessing, policy development, institution identification, AP participation, income restoration and implementation are typical RP related activities to be performed. However, the sequence may change or delays may occur due to circumstances beyond the control of the Project.

K. Resettlement Budget

27. Detailed budget estimates for each RP will be prepared by the PMU/PIU which will be included in the overall project estimate. The budget shall include: (i) detailed costs of land acquisition, relocation, and livelihood and income restoration and improvement; (ii) source of funding; (iii) administrative costs (iv) monitoring cost (v) cost of hiring consultants (vi) arrangement for approval, and the flow of funds and contingency arrangements. All land acquisition, compensation, relocation and rehabilitation, administrative, monitoring and consultant cost, income and livelihood restoration cost will be considered as an integral component of project costs. All land acquisition and resettlement costs will be borne by the government and ensure timely disbursement of funds for RP implementation.

III. INDIGENOUS PEOPLES DEVELOPMENT FRAMEWORK

A. Background

1. The State Government of Uttaranchal (SGOU) has embarked on a 10-year road improvement program, the Uttaranchal State Roads Investment Program (USRIP), to support the State's 'Infrastructure Vision'. Under Asian Development Bank's (ADB) multi-tranche financing facility (MFF) for USRIP, there will have two major components i.e. improvement of existing road network of around 10,800 km, and strengthening the infrastructure management capacity of Uttaranchal's Public Works Department (PWD), which will be the executing agency for USRIP. The first component will focus on improving the condition of the existing road network by carrying out rehabilitation and reconstruction works that are mostly confined within the existing right-of-way (ROW)..

2. Following the Strategic Option Study (SOS) and the Pre feasibility Study (PFS), PWD has identified and prioritized around 5600 kilometer of roads for improvement. Out of the prioritized roads, detailed project reports (DPRs) based on detailed design have been prepared for 573 kilometers of roads (23 subprojects), which will form Project 1 of the MFF. The scope of Project 1 road improvement component includes strengthening and reconstruction of selected sections of State Highways (SH), Major District Roads (MDR) and Other District Roads (ODR). In general, the existing single lane carriageway (3.5m) will be retained with some standardization. Upgradation to intermediate (5m) and two lane carriageway (7m) may be necessary on technical / traffic / safety grounds in a relatively few cases. Final selection of road sections and DPRs for subsequent Projects will be prepared during implementation of USRIP

3. This Indigenous People's Development Framework (IPDF) has been formulated to guide the preparation of IPDPs for the sub-projects in the subsequent Projects during loan implementation. The IPDF identifies the broad scope of the Project and outlines the policy, procedures and institutional requirements for preparation and implementation of IPDPs. The Project Management Unit (PMU) of Uttaranchal Public Works Department (PWD) through Project Implementation Units (PIU) will be responsible for conducting the social screening and assessment and formulating IPDPs for sub-projects, as per procedure outlined in this IPDF. The draft IPDPs will be submitted to ADB for review and approval and the same will be endorsed by the EA prior to contract award.

B. Indigenous Groups

4. Indigenous peoples (IP) are defined as those having a distinct social, cultural, economic, and political traditions and institutions compared with the mainstream or dominant society.¹³ The Indian Constitution (Article 342) defines Scheduled Tribes (STs) according to characteristics such as (i) primitive traits, (ii) distinctive culture, (iii) shyness with the public at large, (iv) geographical isolation, (v) social and economic backwardness. Of the 698 STs a further 75 are classified as Primitive Tribal Groups—considered more backward compared with STs. Constitutional protection and programs for tribal development have brought significant changes since 1947.

5. Nationwide, 8.2% of the total population is classified under STs. In comparison 256,129 in Uttaranchal¹⁴ or only 3.02% are classified under STs. There are five major tribal groups (Bhotia, Buska, Jannsari, Raji, and Tharu) in Uttaranchal. These are hill tribes observed to interact closely with mainstream society. None of Uttaranchal's STs are Primitive tribal groups. STs are concentrated mostly in Udham Singh Nagar district and Dehradun (**Table 1**).

¹³ ADB uses the following characteristics to define indigenous people: (i) descent from population groups present in a given area before territories were defined; (ii) maintenance of cultural and social identities separate from dominant societies and cultures; (iii) self identification and identification by others are being part of a distinct cultural group; (iv) linguistic identity different from that of dominant society; (v) social, cultural, economic and political traditions and institutions distinct from dominant culture; (vi) economic systems oriented more toward traditional production systems rather than mainstream; and (vii) unique ties and attachments to traditional habitats and ancestral territories.

¹⁴ Uttaranchal total population is 8,489,349 (Census 2001).

A. Table 1: ST Population in Uttaranchal

District	Population	% of Tribal Population to the National Tribal Population	% of Tribal Population to the State Tribal Population
India	84,326,240	100	NA
Uttaranchal	256,129	0.30	100.00
Uttarkashi	2,685	0.003	1.05
Chamoli	10,484	0.01	4.09
Rudraprayag	186	0.0002	0.07
Tehri Garhwal	691	0.001	0.27
Dehradun	99,329	0.12	38.78
Garhwal	1,594	.002	0.62
Pithoragarh	19,279	0.02	7.53
Bageshwar	1,943	0.002	0.76
Almora	878	0.001	0.34
Champawat	740	0.001	0.29
Nainital	4,961	0.01	1.94
Udham Singh Nagar	110,220	0.13	43.03
Hardiwar	3,139	0.004	1.23

Source: Census of India 2001.

6. The tribal population of Uttaranchal is not distinctive rather integrated with the other modern dominant population of the state. The tribal groups of the sub-project area have free social interaction with mainstream population. The tribes share their source of water, folklore, food, infrastructure and other belongings with the outside community. Moreover, these groups are also open to new ideas like family planning and formal education. The sub-project impact will not be different for these people and will not severely affect their present socio-economic status.

7. Uttaranchal tribal people have fixed assets such as houses and land, and derive their income mainly from agriculture and small business. STs are largely involved in farming, service and other small commercial activities. During project preparation, extensive consultations were undertaken and analysis with reference to IPs shows that number of ST population in the sample sub-project is insignificant and none will adversely affected.

C. The Indigenous Peoples Development Framework

8. This Indigenous Peoples Development Framework is intended to guide selection and preparation of sub-projects under the Project to ensure better distribution of project benefits and promote development of IPs in the sub-project area. In cases where significant impacts on IPs are identified, this framework will be applied if necessary during subproject preparation and ADB's *Indigenous Peoples Policy* (1998).

A full Indigenous Peoples Development Plan (IPDP) is required if there exists:

- (i) adverse impacts on customary rights of use and access to land and natural resources;
- (ii) negative effects on socioeconomic and cultural integrity;
- (iii) effects on health, education, livelihood, and social security status; and/or
- (iv) other impacts that may alter or undermine indigenous knowledge and customary institutions.

9. If impacts are insignificant, specific actions in favor of IPs can be incorporated within the Resettlement Plan (RP) for the subsequent sub-projects. This would ensure appropriate mitigation and benefits for indigenous people.

10. The IPDP policy framework is based on the overall local and national development strategies and ADB's *Policy on Indigenous Peoples* (1998). The principal objectives are to:

- (i) ensure IPs affected by any sub-project will benefit from the Project;
- (ii) ensure IPs inclusion in the entire process of preparation, implementation, and monitoring of Project activities;
- (iii) ensure benefits of the sub-projects are available to IPs more than or at least equal to other affected groups; this may require giving preference to IPs as vulnerable groups over others on certain benefits under the Project; and
- (iv) provide a base for IPs in the area to receive adequate development attention.

D. Procedures for IPDP Preparation

11. This framework seeks to ensure that IPs are informed, consulted, and mobilized to participate in the subsequent sub-projects. Their participation can either provide them benefits with more certainty, or protect them from any potential adverse impacts. The main features of the IPDP will be a preliminary screening process, a social impact assessment to determine the degree and nature of impact of each sub-project, and an action plan developed if needed. Consultations with and participation of IP communities, their leaders, and local government representatives will be an integral part of the overall IPDP.¹⁵

1. Preliminary Screening

12. The PIUs will visit all IP communities and villages near sub-project sites or areas being affected and influenced by sites. The PIUs will arrange public meetings in selected communities to provide information on the Project and the sub-project. During the visits, community leaders and other participants will present their views with regard to the Project and the sub-project.

13. At this visit, the PIU will undertake a screening for IP populations with the help of IP community leaders and local leaders. The screening will check for the following:

- (i) Name(s) of IP community group(s) in the area;
- (ii) Total number of IP community groups in the area;
- (iii) Percentage of IP community population to that of area population; and
- (iv) Number and percentage of IP households to be affected by the sub-project site.

14. The PIU will also accomplish an IP assessment checklist. The results of the preliminary screening will be provided to the PMU for review as part of the pre-feasibility assessment of the sub-project. If the results show that there are IP households in the zone of influence of the proposed Project, a social impact assessment (SIA) will be planned for those areas.

2. Social Impact Assessment

15. The PIU will undertake an SIA as part of the detailed technical feasibility report. The SIA will gather relevant information on demographic data; social, cultural, and economic situation; and both positive and negative social, cultural and economic impacts.

16. Information will be gathered through separate group meetings within the IP community, including IP leaders; group of IP men and women, especially those who live in the zone of influence of the proposed work under the additional sub-project. Discussions will focus on positive and negative impacts of the sub-project as well as recommendations on the design of the sub-project. The PIU will be responsible for analyzing the SIA and for leading the development of an action plan with the IP community leaders. If the SIA indicates that the potential impact of the proposed sub-project will be significantly adverse-threatening the cultural practices and IP sources of livelihood, or that the IP community rejects the Project works-the PIU in consultation with the PMU will consider other design

¹⁵ The IPDPs components are: preliminary screening, social impact assessment, mitigation measures, development assistance, and project monitoring.

options to minimize such adverse impacts. If IP communities support the sub-project, implementation of an IPDP will be developed.

3. Indigenous Peoples Development Plan

17. The action plan will consist of a number of activities and will include mitigation measures of potentially negative impacts, modification of project design, and development assistance. Where there is land acquisition in IP communities, the Project will ensure their rights will not be violated and that they be compensated for the use of any part of their land in a manner that is culturally acceptable to the affected IPs.¹⁶ The IPDP will include:

- (i) Baseline data,
- (ii) Land tenure information,
- (iii) Local participation,
- (iv) Technical identification of development or mitigation activities,
- (v) Institutional arrangement,
- (vi) Implementation schedule,
- (vii) Monitoring and evaluation, and
- (viii) Cost estimate and financing plan.

18. Where warranted, the IPDP will be developed by the PIU and the IPDP will form part of the final project report for the subprojects. PMU will then review and approve the IPDP and provide the approved IPDP to ADB for review and approval. The IPDP policy and measures must comply with ADB's *Policy on Indigenous Peoples* (1998).

E. Consultation and Information Disclosure

19. The IPDP will be prepared in consultation with the affected IP groups. The mitigation measures and strategies will be presented to them by the PIU in community level workshops. Inputs from the community level workshops will be considered in sub-project design and the final IPDP. The IPDP will be translated into local IP language(s) prior to implementation. Non-Governmental Organizations (NGOs) will be involved in implementing the IPDP and resolution of any dispute arising out of the implementation process. The PMU will further ensure that adequate budget will be available to implement the IPDP.

F. Institutional Framework

20. In the preparation of sub-project IPDPs, PMU will have overall coordination and financing responsibilities. The PMU through the relevant PIUs will prepare, implement, and monitor the IPDP. Since IP issues are sensitive, the PMU will ensure that a consultant with knowledge and experience of working among IP groups is available for assisting in the planning and implementation of IPDPs for the Project. This task can also be simultaneously handled by the Resettlement Officer in the PMU, if the Resettlement Officer has adequate experience on IP issues. The PMU will ensure that the consultant hired to assist the PIU in planning and implementation of IPDPs for sub-projects is familiar with ADB policy and requirements for IPDPs otherwise provisions will be made to train the specialist on the IP issues.

G. IPDP Budget

21. The PMU will provide sufficient resources to formulate IPDPs in sub-projects which will have impacts on IPs. It will implement the IPDP through PIUs. A detailed budget will be prepared by the PIU taking into account all activities associated with the formulation and implementation of IPDPs. Each

¹⁶ The compensation will follow the Resettlement Policy Framework of the Project.

IPDP will have its own budget. Such budgets will be an integral part of the project cost, and will be made available during project implementation.

H. Monitoring and Evaluation

22. Implementation of the IPDP will be monitored regularly. This will be monitored along with the RP monitoring activities. A set of monitoring indicators will be determined during IPDP implementation. The PIU will also prepare appropriate monitoring formats for effective internal and external monitoring and reporting requirements. Independent monitoring will also be undertaken through agency engaged by the PMU for resettlement monitoring. Monitoring will be carried out twice a year during project implementation. These reports will be submitted to PMU and ADB for review. The PMU will be responsible for determining if any follow-up actions are necessary and ensuring any necessary actions are taken regarding the implementation of IPDPs.