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GOVERNMENT OF INDIA**

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**INDIA SIGNS LOAN AGREEMENTS WITH WORLD BANK FOR  
IBRD ASSISTANCE OF US \$ 175 MILLION FOR SECOND GUJARAT STATE  
HIGHWAYS PROJECT**

**New Delhi, February 12, 2014**  
**Magha 23, 1935**

The Loan Agreement for World Bank (IBRD) assistance of US\$ 175 million for second Gujarat State Highways Project (GSHP-II) has been signed between the Government of India and the World Bank here today.

The Loan Agreement was signed by Shri Nilaya Mitash Joint Secretary (Multilateral Institutions), Department of Economic Affairs, Ministry of Finance on behalf of the Government of India and Mr. Onno Ruhl, Country Director (India), World Bank on behalf of the World Bank. The Project Agreement was signed by Shri P.P. Vakharia, Chief Engineer, Roads & Building Department, Government of Gujarat, on behalf of the Government of Gujarat. Along with senior officials of the Ministry of Finance, representative(s) from State Government and officials from the World Bank were present among others.

The Objective of the project is to modernize highway financing and institutions, improve asset management performance, and improve the road safety management framework, while improving access to some of the poorer tribal regions in eastern Gujarat.

The project would directly improve the condition, capacity and safety of about 625 km of the 6,444 km core state road network. Local businesses and inhabitants in the area of influence of the project roads as well as users of the project roads will be **direct beneficiaries of the project**. Those businesses and people will have improved access to higher service level highways and transport services, benefit from the subsequent savings in travel time and transportation costs, improved infrastructure safety and local capacity in stabilizing road deaths in the state. The roads identified for improvement of the project pass through 16 districts with a population of 38 million.

The project will have three components which are (i) Highway Improvement Component (Total Cost: US\$ 290 million); (ii) Sector Policy and Institutional Development Component (Total Cost: US\$ 12 million); and (iii) Road Safety Management Component (Total Cost: US\$ 22 million)

The project builds upon the experience gained during implementation of completed and on-going highway lending operations in India (including the GSHP I) as well as analytical work done in the sector. The Project includes various Elements of Innovation Impulse; viz (i) Expanding the repertoire of innovative contracting approaches in the State; (ii) Introducing the IBRD guarantee as a credit enhancement tool to improve competition in PPP concessions; (iii) Enhance the existing road asset management system and integrate safety attributes with the asset management system (iv) Develop road safety institution, inter agency coordination and financing mechanism; (v) Enhance the existing sector institutions to Center(s) of excellence; and (vi) Promote a green highway pilot corridor.

The loan is for an implementation period of five (5) years. Department of Roads & Building, Government of Gujarat is the implementing agency.

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