

INSTITUTIONAL DEVELOPMENT AND CAPACITY BUILDING COMPONENT OUTLINE TERMS OF REFERENCE

A. Background

1. The Government has requested that institutional development and capacity building support be provided under the proposed Project to enhance the gradual implementation of the long-term sector objectives of ensuring separation of maritime transport sector policy, planning and regulatory functions from operational activities in line with the strategic directions outlined in the Seventh national Development Plan (7NDP) and the on-going reorganization initiatives. The consulting services provided under the Institutional Development and Capacity Building component of the loan aim at strengthening the institutional capacity in (i) the Ministry of Transport and Communication (MTC) to effectively plan and regulate the maritime transport sector; and (ii) the Ministry of Construction and Public Infrastructure (MCPI) to manage, operate and maintain maritime transport infrastructure in Malé in a sustainable manner.

2. A team of international and national consultants will be engaged by the Government through a firm, intermittently over 21 months. All international and national consultants will be engaged through Quality and Cost Based Selection (QCBS) in accordance with ADB's *Guidelines on the Use of Consultants by the Asian Development Bank and its Borrowers* (2006, as amended from time to time) using simplified technical proposals.

B. Description of consulting inputs¹

1. Sub-component One: Institutional Alignment of MTC's Maritime Transport Activities with its Sector Mandate.

3. **Objectives.** The primary objective of this sub-component is to support the on-going efforts within MTC to strengthen the Ministry's policy, planning and regulatory sector responsibilities for international and domestic maritime transport activities relating to both (i) transport infrastructure and (ii) transport services as outlined in [Appendix 3](#) (Maritime Transport Sector Focus Areas) and align MTC's organizational structure to its mandate. Based on the agreed long-term sector focus areas and objectives, the consultants will advise and assist all levels of MTC staff in the realignment efforts and will undertake the following activities:

- (i) Review relevant Government strategies, including the 7NDP as well as existing and ongoing studies relating to the proposed realignment of MTC;
- (ii) Review current recruitment policies, strategies, terms and conditions of services, performance evaluation, promotion and salary structures and recommend improvements necessary to enable MTC to retain qualified maritime transport staff;
- (iii) Conduct an assessment of staff numbers and skills mix composition necessary to ensure fulfillment of MTC's mandate under the new organizational structure, including a training needs assessment and training plan based on current and expected future work responsibilities;
- (iv) Develop a recommendation on the preferred option for the organizational realignment with a view to meeting sector objectives, including detailed terms of reference for the focus areas with regards to international and domestic (i) maritime transport infrastructure and (ii) maritime transport services within the context of MTC's mandate;

¹ The outline terms of reference for each consultant are not exhaustive, and may be expanded as required.

- (v) Develop recommendations for possible changes in all levels of MTC's human resources employed in maritime transport activities to ensure achievement of the Ministry's sector objectives;
- (vi) Assist in ensuring broad based stake-holder consultations on the proposed realignment and human resources enhancement efforts both within MTC and among relevant Government agencies and ADB;
- (vii) Assist in the preparation of documents necessary to ensure approval of the realignment; and
- (viii) Develop a time-bound action plan for the implementation of the realignment and its recommended human resources enhancement.

4. Costing.

Table A10.1: Costs for Sub-component One
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Item	Period (PMS)	Rate	Costs
International experts/specialists	6	25,000	150,000
National experts/specialists	6	2,500	15,000
Contingencies		10%	16,500
Total			181,500

Source: Asian Development Bank estimates.

2. Sub-component Two: Capacity Building in MTC

5. **Objectives.** The primary objective of this sub-component is to provide capacity building assistance to strengthen MTC's capacity to effectively plan and regulate the maritime transport sector and to monitor Project implementation and achievement of Project impact indicators outlined in the Design and Monitoring Framework. Capacity building will be provided in the following areas:

6. **Strategic Planning and Policy Analysis.** (2 person-months, international) The expert will prepare training materials and deliver formal and on-the-job training with regards to strategy and policy formulation in accordance with the requirements determined by the training needs assessment in particular with regards to: (i) strategic planning and integration with the national development plans, including the 7NDP and the national budgets; and (ii) policy analysis and preparation.

7. **Establishment of Harbor Usage Charges.** The experts will:

- i. Review existing harbor usage charges structures in Malé harbors and recommend potential structures for calculation of harbor usage charges based on a number of parameters, including the following: (a) establishment of harbor usage fee structures across harbors to ensure equity to different market segments; (b) customer segmentation; (c) cost recovery in accordance with Government policy objectives; (d) maximize utilization of harbor infrastructure; and (e) conduct willingness to pay and affordability surveys of relevant user segments to support this analysis.(2 person-months international);

- ii. Assist in ensuring broad based stake-holder consultations on the proposed harbor usage charges including with users, relevant Government agencies and ADB to reach agreement on a time-bound action plan for implementation of the preferred harbor user charges (1 person-month international and 1.5 person-month national); and
- iii. Assist in drafting of documents necessary to obtain approval for the introduction of harbor usage charges according to the procedures outlined in the Legal Opinion issued by the Attorney General's Office on 31 January 2007 (0.5 person-month international and 0.5 person-month national.)

8. Maritime Safety Regulations and Vessel Inspections and Registration Procedures. (2 person-month, international and 2 person-month national). The experts will:

- (i) Review and assess maritime safety regulations and vessel inspections and registration procedures;
- (ii) Identify possible enhancements to the existing regulations required to ensure a safe domestic maritime transport sector;
- (iii) Recommend possible changes to the regulatory framework necessary to achieve Government objectives, including possible penalties for non-compliance and recommendations for enforcement measures;
- (iv) Assist in ensuring broad based stake-holder consultations on the proposed changes in the regulatory framework both within MTC and among relevant Government agencies; and
- (v) Assist in the preparation of documents necessary to ensure approval of the recommended changes and develop a time bound action plan for implementation of recommended regulatory changes.

9. Design a Project Performance Monitoring System (PPMS) for Project Impact Monitoring.² (2 person-month international) The expert will:

- (i) Design a Project Performance Monitoring System to monitor activities, analyze and consolidate the data and provide quarterly PPMS monitoring reports for submission to ADB until Project completion. The PPMS framework will include the requirements for ADB Project Progress Reports (PPRs) as well as data for socio-economic and environmental impact indicators³ to measure project impacts at the beginning of project implementation and allow for quarterly reporting on implementation of the environmental management plan (EMP). The PPMS will include a baseline survey system for independent evaluation of outcomes and impact indicators, including environmental and social aspects identified in the Design and Monitoring Framework for implementation prior to commencement of Project construction.
- (ii) For the environmental quality indicators, sampling and data analysis will be carried out as part of the implementation of the environmental management plan.

² MCPI will be included in the capacity building relating to environmental quality monitoring.

³ Environmental quality indicators have been identified in the IEE Report.

10. **Costing.**

Table A10.2: Costs for Sub-component Two (\$)

Item	Period (PMS)	Rate	Costs
International experts/specialists	9.5	25,000	237,500
National experts/specialist	4	2,500	10,000
Data analysis (environmental)		15,000	15,000
Contingencies		10%	26,250
Total			288,750

Source: Asian Development Bank estimates.

3. **Sub-component Three: Capacity Building in MCPI**

11. **Objectives.** With a view to enhancing MCPI’s existing harbor management capacity, the objective of this sub-component is to (i) provide harbor management training for staff at the Public Works Section (PWS) under MCPI, including training with regards to collection of harbor usage charges for the additional 16 new staff considered necessary to ensure the sustainability of the investment component; and (ii) assistance to enhancement of PWS’s financial management systems. The experts will undertake the following activities:

12. **Harbor Management Training.** (4 person-month, international). The purpose of the training activities provided under this sub-component is to assist MCPI/PWS in enhancing their existing harbor management capacity to enable introduction of efficient harbor management systems in Malé North Harbor. The expert will:

- (i) Based on observations from current practice in Malé South West Harbor and Malé North Harbor, develop a formal and on-the-job training program for MCP/PWS staff in harbor management;
- (ii) Implement the training program through hands-on training activities and conduct a workshop for relevant MCPI/PWS staff to solicit feedback on the training activities and their appropriateness;and
- (iii) Based on the feedback obtained during the workshop and lessons learned from the training activities develop a harbor management manual including the following components (a) workflow efficiency of operations in terms of turnaround and avoidance of delays for vessels and vehicles; (b) safety practices for people, vessels and vehicles, in particular including handling of hazardous materials; (c) allocation of berthing space for different vessel types and activities to maximize utilization of facilities; (d) best practice and security for short term transit arrangements for passengers and goods; and (d) inspection and regular preventive maintenance procedures.

13. **Financial Management Training.** (6 person-month, international and 8 person-month national.) The purpose of the training activities provided under this sub-component is to assist MCPI/PWS in enhancing existing financial management systems for improved financial monitoring, cost and revenue efficiencies and reporting in both construction and harbor operation and maintenance activities. Consultant activities will include, but not be limited to:

- (i) Review present accounting and budgeting systems and practices within MCPI and PWS including: (a) adequacy of hardware and software systems; (b) accounting standards followed; (c) budgeting practices; (d) asset safeguard policies; (e) financial monitoring and reporting practices including the interactions between MCPI, PWS and MoFT; (f) internal control systems including segregation of duties and cash and bank reconciliations; (g) auditing policies and practices; and (h) human resource base and

financial skill levels; recommend improvements and modifications to the areas identified above (i) based on best practices for Financial Management systems including best practices in transparent financial reporting such as publishing financial reports on websites, publishing user charges on websites and newspapers periodically;

- (ii) Assess revenue model for PWS including collection systems such as for harbor usage charges. Discuss potential harbor usage fee structures being conceptualized by the consultants engaged under para. 7 to assess impact on collection systems suggested. Recommend best practices for enhancing revenue model including collection efficiencies in accordance with best harbor management benchmarks; assess cost model for PWS including for operations, administration and other costs. Rationalize cost efficiencies to achieve benchmarks for cost control as per best harbor management practices; assess the financial model for calculating harbor user charges at PWS. In coordination with the consultants engaged under para. 7, recommend financial models for calculating harbor usage charges calculations based on a number of parameters including market segmentation and cost recovery such that these models may be used for reporting on: (a) usage charge collection trends, details and efficiencies; and (b) making periodic representations to the regulatory Government departments for usage charge increases as and when necessary;
- (iii) Assist in ensuring consultation on the above proposed recommendations through to approval of recommended Financial Management systems and policies;
- (iv) Recommend solutions to possible resource constraints in financial management systems including recommended staffing levels and skills mix and training programs required;
- (v) Based on the agreed consultations assist in the preparation of a best practices Financial Management Operations Manual for both MCPI and PWS; and
- (vi) Develop a time based action plan for implementation of recommended Financial Management systems and policies including a training program.

14. Costing.

Table A10.3: Costs for Sub-component Three
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Item	Period (PMS)	Rate	Costs
International experts/specialists	10	25,000	250,000
National experts/specialist	8	2,500	20,000
Contingencies		10%	27,000
Total			297,000

Source: Asian Development Bank estimates.

C. Summary Table.

Table A10.4: Costs by Item and Sub-components
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Item	Period (PMS)	Rate	Costs
International experts/specialists	25.5	25,000	637,500
National experts/specialist	18	2,500	45,000
Data analysis (environmental)		15,000	15,000
Contingencies		10%	69,750
Total			767,250

Source: Asian Development Bank estimates.