



Technical Assistance Report

Project Number: 37313
March 2006

Proposed Technical Assistance India: Project Implementation and Urban Management Improvement in the North Eastern Region (Phase I) (Cofinanced by the Cooperation Fund for the Water Sector)

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 1 March 2005)

Currency Unit	–	Indian rupee/s (Re/Rs)
Rs1.00	=	\$0.022
\$1.00	=	Rs44.44

ABBREVIATIONS

ADB	–	Asian Development Bank
AusAID	–	Australian Assistance for International Development
CBO	–	community-based organization
LAR	–	land acquisition and resettlement
MODNER	–	Ministry of Development of North Eastern Region
NER	–	north eastern region
NERUDP	–	North Eastern Region Urban Development Project
NGO	–	nongovernment organization
PPTA	–	project preparatory technical assistance
TA	–	technical assistance
TOR	–	terms of reference
PMU	–	project management unit
PIU	–	project implementation unit
ULB	–	urban local body

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sectors	–	Multisector; (transport and communications; water supply, sanitation, and waste management)
Subsectors	–	Water supply and sanitation, waste management, roads and highways
Themes	–	Capacity development, governance, and inclusive social development
Subthemes	–	Institutional development, financial and economic governance

NOTE

In this report, "\$" refers to US dollars.

Vice President	L. Jin, Vice President (Operations 1)
Director General	K. Senga, South Asia Department (SARD)
Director	H. Kim, Social Sectors Division, SARD
Team leader	J. Kongoasa, Financial Specialist, SARD
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I. INTRODUCTION

1. The Asian Development Bank (ADB) has included in its Country Strategy Programming Update (CSPU) 2005–2007¹ a loan for the North Eastern Region Urban Development (Phase I) Project (NERUDP Phase I)² in 2006, and a loan for the North Eastern Region Urban Development (Phase II) Project (NERUDP Phase II)³ in 2008. During the Fact-Finding Mission for the project preparatory technical assistance (PPTA) for NERUDP Phase I⁴ in February 2004, the Government of India requested ADB to provide technical assistance (TA) for implementing the Project and improving urban management for the cities covered under NERUDP Phase I,⁵ at completion of the PPTA for NERUDP Phase I. The Fact-Finding Mission during 28 March to 8 April 2005 held discussions with the Ministry of Development of North Eastern Region (MODNER) and reached an understanding with the Government on the objectives and scope of the TA, including the consultants' terms of reference (TOR) and the implementation arrangements.⁶ The TA framework is in Appendix 1.

II. ISSUES

2. The north eastern region (NER) of India, which includes the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura, is one of the least-developed regions in India. While it accounts for 8% of India's landmass, it has a population of 39 million—less than 4.4% of India's total population—of which 15% or 5.9 million live in 239 urban centers. The urban population in the NER varies among the states, ranging from 11.1% in Sikkim to 49.5% in Mizoram.⁷ The NER has recorded some improvements in social indicators over the last decade. For instance, the average literacy rates for the NER states are higher in general than the national average of 65%, with the exception of Assam which has a literacy rate of 64%. Similarly, infant mortality in the NER in general is lower than the national average (68 per 1,000 live births), again with the exception of Assam where infant mortality (71 per 1,000 live births) is higher than the national average. However, average life expectancy at birth (56 years) for the NER is lower than the national average of 61.⁸ In general, the cumulative effect of physiography, poor connectivity, dispersed settlement pattern, low investments, as well as years of ethnic unrest has resulted in significant urban poverty and minimal basic infrastructure facilities and services in the NER as indicated by 32% of its population still living below the poverty line.⁹

3. Though passage of the 74th Constitutional Amendment Act has provided a significant momentum to urban sector reforms in India, progress toward implementation of reforms and devolution in the NER under the Act has been constrained by the limited capacity of the states to form urban policies and decentralize power and operations to the urban local bodies (ULBs). The ULBs in general are weak. Of the eight capital cities in the NER, only two, Agartala and Guwahati, have fully functioning ULBs. While Imphal, Kohima, and Shillong have partially functioning ULBs, Aizawal and Gangtok lack local bodies completely. Furthermore, significantly large indigenous tribal populations in these cities have given rise to different institutional arrangements and legal systems. The Sixth Schedule of the Constitution of India, enacted in 1950, contains provisions for

¹ ADB. 2004. *Country Strategy Programming Update (CSPU) 2005–2007*. Manila.

² NERUDP Phase I cities include Agartala, Aizwal, Gangtok, Kohima, and Shillong.

³ NERUDP Phase II cities include Dibrugarh, Guwahati, Imphal, and Itanagar.

⁴ ADB. 2004. *Technical Assistance to India for the North Eastern Region Urban Development Project*. Manila.

⁵ The TA first appeared in *ADB Business Opportunities* (internet edition) on 18 October 2005.

⁶ The advisory TA, which consisted of two separate ADTAs (capacity building for project management in five cities of the NE region, and sustainable urban management support program in the NER, respectively) at the time of TA fact-finding stage, was subsequently combined upon consultation with the Government of India.

⁷ The average population density of the NER (149 people per square kilometer) varies from 13 in Arunachal Pradesh to 340 in Assam, compared with the national average of 324.

⁸ The data on life expectancy at birth (56 years) in Assam is the only available data in the NER states.

⁹ ADB. 2003. *North Eastern Region Urban Sector Profile Project: Final Report*. Manila.

administration of tribal areas and is applicable to Shillong, and allows a parallel tribal governance framework to exist.

4. The line departments of state governments perform a major role in delivering basic services like water supply and sanitation, construction and maintenance of roads, and management of public amenities in all the NER states. These are mainly the Urban Development Department, Public Health and Engineering Department, and Public Works Department of concerned states. Devolution of power and responsibilities under the 74th Amendment Act, as earlier mentioned, and creation of a decentralized governance structure at the ULB level with responsibilities for service provision and resource mobilization being assumed and managed, is yet to materialize in the NER region. So far, little difference to either the functioning of ULBs or their finances has happened. The ULBs heavily depend on state governments for leadership as well as funding since revenue collection in the states is very low. For example, property taxes do not even exist in Kohima, and water rates are so low as to be insignificant in all cities except Kohima. Both the states and the ULBs depend heavily on grants from the central Government for their sustenance.

5. Despite the development challenges, external agencies' involvement has been very limited in the NER, including in the urban sector. At present, only two bilateral agencies are active: the Australian Agency for International Development (AusAID) in Shillong and Gangtok, and the Agence Française de Développement in Imphal. Only Assam among the ULBs in the region has experience with ADB's project administration procedures. Most of the concerned government agencies in the NER prepare detailed designs only for a few major projects, and most supervise construction with their own staff. Many rely on government-owned construction companies, such as the National Building Construction Corporation, to construct turnkey projects on their behalf. Furthermore, there is a shortage of professionally qualified technical staff in critical areas of municipal management in the region.

6. Lessons from implementation of ADB-funded urban projects in India¹⁰ show a common issue of start-up delays and slow disbursements in the initial years, largely on account of delays in recruiting consultants and completing preparatory work before contract awards. The review found that up-front capacity building is essential to achieve the physical and institutional targets of urban projects. While the standard practice in ADB is to provide capacity-building assistance with the approval of a loan project, the lessons learned clearly indicate the need to strengthen the management and institutional capacities of the state and ULBs prior to loan effectiveness, particularly in the states that are new to ADB-sponsored urban projects. Furthermore, timely introduction of financial and governance reform measures and timely initiation of associated institutional reforms are crucial in ensuring success and sustenance of the project.

III. THE PROPOSED TECHNICAL ASSISTANCE

A. Impact and Outcome

7. The objective of the TA is to strengthen project management and institutional capabilities, and improve overall readiness for project implementation of the states and ULBs expected to be responsible for NERUDP Phase I. The TA will assist the project states and ULBs, which include Agartala, Aizwal, Gangtok, Kohima, and Shillong, to efficiently and effectively manage, coordinate, implement, and monitor the Project, including the institutional and financial reform initiatives under the Project. The key outcomes of the TA will be (i) identification of key project personnel and creation of project management and project implementation units; (ii) training for the executing and implementing agencies to familiarize them with ADB policies and procedures; (iii) completion of consultants' selection and prequalification of contractors; (iv) completion of complete sets of standard bidding documents for civil works and equipment supplies; (v) identification of required

¹⁰ ADB. 2003. *Urban Sector Review and Strategy*. Manila.

land and acquisition notification with disclosure to affected people issued by the implementation agencies and prepared resettlement guidelines; and (vi) introduction of institutional and financial reforms. The TA will also support the project states and ULBs to take forward activities initiated under the AusAid program in Gangtok and Shillong. The TA will also assist the project states and ULBs in conducting public awareness and stakeholder consultations to improve understanding and acceptance of the Project and build consensus for introducing institutional reforms recommended by the PPTA, whose completion is expected in March 2006.

B. Methodology and Key Activities

8. The TA will include the project states and ULBs covered under NERUDP Phase I. As each of the project states and ULBs has its own historical background, institutional arrangements, financial situation and project implementation experience, the needs and readiness for capacity building will differ among them. Some ULBs, such as Agartala, are well-organized, and in many respects more ready for the Project, while others that lack elected councils are less so. To support up-front capacity building, each project state has been requested to identify a nodal department for the Project, and to identify the department responsible for each of the three components of the Project. Key activities under each TA component include the following:

1. Component A: Project Implementation Support and Establishment of Managerial Structure

9. The TA will refine the managerial and personnel structures for the project states and ULBs that were developed in the PPTA, and will prepare detailed TOR for the key personnel. The TA will assist the project states and ULBs to define their clear role in undertaking activities under the Project. In doing so, the TA will prepare an operational manual defining the role of each entity in implementing the Project and delegating suitable powers. Furthermore, the TA will strengthen the supervisory capacity of MODNER, the project states, and ULBs in monitoring activities related to project implementation.

10. The TA will implement the project management systems and procedures proposed by the PPTA. They include, among others, overall project management, contract management, project performance monitoring and evaluation, procurement, recruitment of consultants, project accounting, construction supervision, fund management, and reporting. The TA will assist the project states and ULBs in preparing for project start-up activities, including, among others, preparing of short-range action plans, recruiting and training staff, establishing a steering committee and a central-level project management unit (PMU) within MODNER and state-level PMUs and project implementation units (PIUs) in the project states, satisfying the conditions for loan effectiveness, shortlisting, and recruiting of project consultants, preparing budgets and early disbursement requests, preparing standard procurement documents and contracts, and firming up arrangements for land acquisition and resettlement.

11. The TA will assist the project states and ULBs in learning about ADB's policies and procedures for procurement, recruitment of consultants, disbursement, fund management, environmental and social safety guards, corruption prevention, auditing, reporting, and other key aspects of project operations. Furthermore, the TA will help train the project states' and ULBs' personnel in planning, leading, organizing, and coordinating project activities through participatory workshops and on-the-job involvement in project management. These activities will be carried out after an assessment of the training needs of project states and ULBs.

2. Component B: Institutional and Financial Reforms

12. The TA consultants will assist the project states and ULBs in carrying out urban management, institutional, and financial reforms recommended by the PPTA. They include establishment of ULBs; strengthening of existing ULBs with severe deficiencies; initiation of water utilities arrangement in all project ULBs; improvement of urban planning in all project ULBs; and improvement of property taxation and user charges for such services as water supply, sewerage, and solid waste management in all project ULBs. The following specific activities will be undertaken in the project ULBs:

- (i) Introduce double-entry accounting system.
- (ii) Verify and evaluate water supply and sanitation assets.
- (iii) Prepare and digitize the customer database (for water supply services).
- (iv) Install bulk and household water meters to conduct a study on existing levels of nonrevenue water.
- (v) Assess human resource capacities and deficiencies in the water services sector, and formulate options for the current employees in the sector.
- (vi) Assess and register property (for tax purposes) and develop a database supported by a management information system/geographical information system to increase property tax and tariff revenues.

13. Two representatives each from the project states and ULBs will participate in a weeklong study tour of Karnataka State (Bangalore and another identified city/town in Karnataka) where the abovementioned reforms, developed by the e-Governments Foundation in Karnataka, are being successfully implemented. The objective is for the representatives to directly observe the implementation of such reforms in the two cities and to learn from the cities' experience in introducing those reforms.

3. Component C: Public Relations and Stakeholder Consultation

14. The TA will assist the project states and ULBs in organizing and carrying out stakeholder consultation and awareness campaigns to (i) improve public understanding and acceptance of the Project, and (ii) seek feedback and build consensus for introducing the institutional reforms recommended by the PPTA.

C. Cost and Financing

15. The total cost of the TA is estimated at \$1,900,000 equivalent, comprising foreign exchange of \$434,000 and local currency equivalent of \$1,466,000. The amount of \$1,400,000 comprising \$414,000 foreign exchange cost and \$986,000 local currency equivalent will be financed on a grant basis by the ADB's TA funding program, an amount of \$120,000 comprising \$20,000 foreign exchange cost and \$100,000 local currency cost will be financed on a grant basis by the Cooperation Fund for the Water Sector, both will be administered by ADB. The Government and the project states will contribute the remaining local currency equivalent of \$380,000 for counterpart staff support, office accommodation, field transport, facilities for meetings and workshops, and other administrative expenses. The Government, the project states, and ULBs will also provide all available information required for the TA activities. Detailed cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

16. MODNER will be the Executing Agency for the TA, and will be responsible for overall coordination with ADB. A central-level steering committee and PMU will be established within MODNER, and a state-level steering committee and PMU/PIU will be established in each project state. MODNER and the project states will provide full administrative and technical support to the

consultants and will coordinate activities with the project states and ULBs. MODNER and the project states will also provide the consultants with adequate office space and sufficient communication means. The TA will be implemented over 14 months, tentatively from May 2006 to June 2007. Since adequate capacities exist in India for the required services to be provided by consultants, domestic consulting firms will be engaged in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for engaging domestic consultants, following ADB's quality- and cost-based selection method. The TA will include two consulting packages: package 1 will cover components A and C as outlined in para. 15 above, and package 2 will cover component B. Consulting firms will be allowed to bid for both packages. Consulting services will total 53 person-months in package 1, and 49 person-months in package 2. Since institutional reforms in the water sector, in particular initiation of water utilities and involvement of private sector participation, are still new concepts in India, two international consultants will be recruited separately for a total of 9 person-months, on an individual basis, to assist mainly in implementing of activities in component B.

17. In package 1, the key consultants (53 person-months) are a team leader with expertise in project management (14), a procurement specialist (12), sector specialists—urban transportation, water supply, wastewater, drainage, and solid waste management (8), a land and resettlement specialist (2), environment specialist (2), a financial management specialist (3), a project accounting specialist (4), a community consultation and public relations specialist (3), and a training specialist (5). To give technical support to the consultants, technical and administrative assistants will be engaged as required. In package 2, the key consultants (49 person-months) are a team leader with expertise in public administration (12), a water supply specialist (6), financial management and accounting specialists (16), a human resource development specialist (6), a property taxation specialist (7), and a legal specialist (2). Surveyors, information technology support personnel, and other technical support will be provided to the consultants through the engagement of staff as required. The international consultants, to be recruited individually, are an urban management specialist (3 person-months) and a water utilities specialist (6 person-months). The outline TOR for the consultants are in Appendix 3. A summary initial poverty and social analysis report is in Appendix 4.

18. The consultants for each of the two packages under the TA will submit (i) an inception report within 4 weeks of TA commencement, (ii) monthly progress reports at the end of each month during the TA implementation period, (iii) an interim report after 7 months, and (iv) a final report upon completion of the TA.

IV. THE PRESIDENT'S RECOMMENDATION AND DECISION

19. The President recommends that the Board approve ADB providing a portion of technical assistance not exceeding the equivalent of \$1,400,000 to the Government of India for Project Implementation and Urban Management Improvement in the North Eastern Region (Phase I), to be financed on a grant basis. If the Board approves ADB providing the technical assistance, the President, acting under the authority delegated by the Board, will approve ADB administering the balance of the technical assistance not exceeding the equivalent of \$120,000, for Project Implementation and Urban Management Improvement in the North Eastern Region (Phase I) to be financed on a grant basis by the Cooperation Fund for the Water Sector, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p>Impact Strengthened managerial and institutional capabilities of the five state governments and ULBs under the NERUDP Phase I Project, and successful implementation of NERUDP Phase I Project</p>	<p>NERUDP Phase I Project to achieve its development objectives during implementation, and to maintain a highly satisfactory rating in the project performance report</p> <p>Institutional and financial reforms successfully implemented in NERUDP phase I cities</p>	<p>TA consultants' final report</p>	<p>Assumption Government and ADB sign TA agreement.</p> <p>Risk The enforcement of the National Urban Renewal Mission initiative, including provisions of the 74th Amendment to the Constitution in strengthening the functions and responsibilities of ULBs, is weak.</p>
<p>Outcome Improved efficiency and effectiveness in managing, implementing, coordinating, and monitoring the implementation of urban infrastructure and institutional development reforms under the NERUDP Phase I Project, and initiated loan start-up activities under NERUDP Phase I Project</p>	<p>Major implementation actions, such as contract signing with consultants and major procurement package, ready as soon as the NERUDP phase I loan becomes effective, and institutional changes set in motion for the NERUDP Phase I Project</p>	<p>TA consultants' monthly progress reports</p>	<p>Assumption The Government, local governments, and all other stakeholders remain committed.</p> <p>Risk Appointment of qualified staff to the PCO, PMUs, and PIUs for the NERUDP Phase I project is delayed.</p>
<p>Outputs 1. Enhanced project implementation through refinement of managerial and personnel structures, review of project management systems and procedures, preparation for project start-up activities, and awareness of related ADB policies and procedures</p> <p>2. Provided training in planning, leading, organizing, and coordinating project</p>	<p>Managerial and personnel structure for the project states and ULBs developed under the preceding PPTA refined, and detailed terms of reference for the key personnel prepared</p> <p>PMUs and PIUs established</p> <p>Project start-up activities completed, and project management procedures and systems established</p> <p>Standard procurement documents prepared for civil works and purchase of goods and services</p> <p>Project consultants recruited</p> <p>Project states' and ULBs' personnel trained in planning, leading,</p>	<p>TA consultants' monthly progress reports and ADB TA review missions</p>	<p>Assumption Awareness of related ADB policies and procedures is lacking.</p> <p>Consultants are fielded without delay.</p> <p>State governments continue to provide adequate support.</p> <p>Risk Appointment of suitable staff for training is delayed</p>

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p>activities to central, state, and municipal government personnel</p> <p>3. Initiated the implementation of urban management, institutional, and financial reforms recommended under the preceding PPTA for NERUDP Phase I Project</p>	<p>organizing, and coordinating project activities</p> <p>Institutional and financial reforms introduced, including double-entry accounting, customer database, and property tax registration systems</p> <p>An inception report 1 month after commencing services (June 2006)</p> <p>An interim report at the end of month 7 (December 2006)</p> <p>A final report at the end of month 14 (July 2007)</p> <p>Delivery of TA within budget</p>		
<p>Activities with Milestones</p> <ol style="list-style-type: none"> 1.1. Refine managerial and personnel structure for the five states and ULBs under NERUDP Phase I Project and set up PMUs and PIUs (by July 2007) 1.2. Review, update, and implement project management systems and procedures (by July 2007) 1.3. Prepare for project start-up activities under NERUDP Phase I project (by July 2007) 1.4. Prepare awareness training program on related ADB policies and procedures (by July 2007) 1.5. Prepare training programs in planning, leading, organizing, and coordinating project activities through participatory workshops and on-the-job involvement in project management (by July 2007) 1.6. Send government officials on study tour of Karnataka (by October 2006) 1.7. Initiate implementation of institutional and financial reforms in the project cities (by July 2007) 			<p>Inputs</p> <p>International consultants: 9 person-months</p> <p>Domestic consultants: 102 person-months</p> <p>ADB: \$1,520,000 Government: \$380,000</p>

ADB = Asian Development Bank, NERUDP = North Eastern Region Urban Development Project, PCO = project coordination unit, PIU = project implementation unit, PMU = project management unit, PPTA = project preparatory technical assistance, ULB = urban local body.

COST ESTIMATES AND FINANCING PLAN

(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank (ADB) Financing^a			
International Consultants			
a. Remuneration and Per Diem	176.0	0.0	176.0
b. International Travel	25.0	0.0	25.0
Package 1			
1. Domestic Consultants			
a. Remuneration and Per Diem	0.0	239.0	239.0
b. Travel	0.0	30.0	30.0
2. Office Equipment ^b	35.0	0.0	35.0
3. Workshops and Training	0.0	30.0	30.0
4. Miscellaneous Administration Costs	0.0	30.0	30.0
5. Communications	0.0	20.0	20.0
6. Report Preparation	0.0	5.0	5.0
Package 2			
7. Domestic Consultants			
a. Remuneration and Per Diem	0.0	221.0	221.0
b. Travel	0.0	30.0	30.0
8. Office Equipment	30.0	0.0	30.0
9. Water Flow Measurement Equipment ^c	15.0	68.0	83.0
10. Surveys ^d and data collection ^e	0.0	200.0	200.0
11. Software and Hardware for Customer Database (includes data population and IT training)	85.0	0.0	85.0
12. Training/ Study Visits	0.0	50.0	50.0
13. Miscellaneous Administration Costs	0.0	20.0	20.0
14. Communications	0.0	20.0	20.0
15. Report Preparation	0.0	5.0	5.0
16. Contract Negotiations	8.0	0.0	8.0
17. Contingencies	60.0	118.0	178.0
Subtotal (A)	434.0	1,086.0	1,520.0
B. Government Financing			
1. Office Accommodation and Utilities	0.0	38.0	38.0
2. Counterpart Staff Remuneration	0.0	235.0	235.0
3. Data Gathering	0.0	81.0	81.0
4. Workshop Venues	0.0	14.0	14.0
5. Other Logistical Support	0.0	12.0	12.0
Subtotal (B)	0.0	380.0	380.0
Total	434.0	1,466.0	1,900.0

IT= information technology.

Note: With the application of quality- and cost-based selection, items A2, A3, A8, A9, and A10 are considered "provisional sums," and the allocated amounts have to be included in the financial proposal without change.

^a Financed by ADB's technical assistance funding program in the amount of \$1,400,000 and by the Cooperation Fund for the Water Sector administered by ADB in the amount of \$120,000.

^b Office equipment for both packages will be handed over to the Ministry of Development of North Eastern Region on completion of the technical assistance.

^c Includes about 1,350 consumer meters, 90 bulk water meters, and 1 set of leak-detecting equipment.

^d Includes property survey, engineering surveys and mapping, and subprofessional technical staff administration cost.

^e Includes data collection, if required, to fast-track projects identified under the North Eastern Region Urban Development Project Phase I.

Source: ADB estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTING SERVICES

A. International Consultants

1. Urban Management Specialist (3 person-months)

1. The specialist will be recruited for 3 person-months (intermittent over the technical assistance [TA] implementation period) to oversee the implementation of institutional reforms for component B of the TA. Key responsibilities will be as follows:

- (i) Review recommendations prepared under the preceding project preparatory technical assistance (PPTA) for institutional reforms covering local government strengthening, urban land management and planning, and institutional arrangements for delivery and financing of various urban services; prepare action plans identifying the roles and responsibilities of entities involved; and initiate implementation of the reforms.
- (ii) Oversee and coordinate implementation of financial and institutional reform measures outlined for component B of the TA, and oversee stakeholder and community consultations and training programs on the introduction of institutional and financial reforms.

2. Water Utility Specialist (6 person-months)

2. The key tasks of the specialist will be to initiate and implement institutional reforms recommended by the PPTA. Specifically, they will include, but will not necessarily be limited to, the following:

- (i) Review institutional development plans prepared in the PPTA for the water supply sector in five project states and cities; determine, through discussions with each state and city, their readiness to carry out the plans; determine the extent of public discussion required for consensus building for each proposal; identify areas needing support and attention; and identify specific steps and resources required to implement the reform measures.
- (ii) Oversee and coordinate water service area mapping, particularly in Kohima and Shillong, to ensure the inclusion of traditional water resource owners and water suppliers in the discussions; and in all project cities to ensure the protection of the public interest while mobilizing inputs from private parties and financiers.
- (iii) Prepare draft contract documents for potential private sector participation in the Project, particularly for Kohima, and oversee other institutional reform measures for the water sector included in the TA.
- (iv) Prepare organizational development plans for future utilities of the project urban local bodies (ULBs).

B. Domestic Consultants for Package 1

1. Project Management Specialist/Team Leader (14 person-months)

3. The project management specialist will assume overall responsibility as team leader for package 1 of the TA for effective performance of the team and successful delivery of the outputs of package 1. Key responsibilities will include the following:

- (i) Assess the capacity of the project states to efficiently and effectively manage activities under North Eastern Region Urban Development Project (NERUDP) Phase I; based on assessments made during the PPTA and consultation with stakeholders in the Project, assess the need for capacity building and institutional strengthening for timely and smooth implementation of the investment components as well as institutional reform measures; and recommend an optimal managerial and personnel structure for project implementation. Prepare detailed terms of reference (TOR) for the key personnel.

- (ii) Assist the Ministry of Development of North Eastern Region (MODNER) in setting up the steering committee and central-level project management unit (PMU), and the project state governments in setting up the state nodal agency for the Project, the steering committee, the Empowered Committee, project management units (PMUs)/project implementation units (PIUs); give PMU head an initial briefing on the scope and implementation arrangements for the Project; ensure that each PMU is equipped with the necessary project and financial management systems and give the staff the necessary training in the Asian Development Bank's (ADB) project management systems; review and update the overall project implementation schedule, and identify any problems or bottlenecks and assist the states to allocate the resources necessary to deal with them; and prepare an operational manual defining the role of each entity in the implementing framework and delegating suitable powers.
- (iii) Assist in preparing documents needed for consultant recruitment, and in recruiting the consultants (project management and capacity building, design and construction supervision and benefit monitoring and evaluation).
- (iv) Assist in assessing the state of preparation and readiness of the project states and ULBs in implementing the various project components; update the project implementation schedule and assist the states to allocate necessary resources to prepare for and begin project implementation.
- (v) Assist the procurement specialist in preparing standard bidding documents for civil works and procuring equipment using local and international competitive bidding and international shopping procedures.
- (vi) Prepare/consolidate the work plans of individual specialists, coordinate/integrate their work, and be responsible for delivery of all reports—inception, monthly, and final—and activities for package 1 of the TA.

2. Procurement Specialist (12 person-months)

4. The key tasks of the procurement specialist will include the following:

- (i) Assist the PMUs and PIUs in preparing detailed TOR for project management consultants in accordance with established ADB procedures.
- (ii) Assist the PMUs and PIUs in prequalification, evaluation of proposals, and recruitment of project management consultants as per ADB procedures.
- (iii) Develop for each project state a detailed proposal to set up a project procurement committee and to provide of staff and consultant support to the committee.
- (iv) Assist the states in firming up the project procurement packages.
- (v) Prepare standard procurement documents for various contract packages.
- (vi) Liaise with local contractors to determine their capacity and help familiarize them with the characteristics and requirements of the Project.
- (vii) Assist the states in preparing bid notices and in evaluating the responses.
- (viii) Assist the PMUs and PIUs in establishing procedures for recruiting nongovernment organizations (NGOs)/community-based organizations (CBOs) for identified works under the Project; assist in selecting the NGOs/CBOs and awarding contracts to them.
- (ix) Assist and advise the PMUs/PIUs on technical and other matters and advise on disbursement-related issues.

3. Sector Specialists: Drainage, Water Supply, Wastewater, Transportation and Solid Waste Management (8 person-months)

5. The key tasks of the sector specialists will include assisting the team leader and procurement specialists in preparing related procurement materials, TOR for consultants, budgeting and similar matters related to drainage, water supply, transportation, and solid waste

management components. The sector specialists will also ensure coordination with and continuation of the activities initiated under the Australian Agency for International Development (AusAid) program in Gangtok and Shillong.

- 4. Land and Resettlement Specialist (2 person-months)**

6. The key tasks of the land and resettlement specialist will include the following:

 - (i) Acquire familiarity with the land acquisition and resettlement (LAR) policies of ADB, in accordance with ADB's *Involuntary Resettlement* (August 1995), and with participating state government.
 - (ii) Ensure that all PMUs are provided with LAR officers, and give them training to familiarize them with ADB policies and procedures to be adopted in the Project; and advise on preparatory activities for LAR under the Project, including awareness campaigns and consultations, land survey, development of specific packages for identified groups of persons, budgeting, and other actions.
- 5. Environment Specialist (2 person-months)**

7. The key tasks of the environment specialist will include the following:

 - (i) Acquire familiarity with environmental assessment requirements specified in ADB's *Environment Policy* as well as national laws and regulations of India.
 - (ii) Ensure that all PMUs are provided with environmental assessment officers (part-time or full-time) and give them training; and advise on preparatory activities for environmental assessment of subprojects, e.g., identifying potential environmental impacts, recommending mitigating measures, developing a public consultation and information disclosure program, developing a monitoring plan, preparing cost estimates and institutional arrangements for implementing mitigating measures.
- 6. Financial Management Specialist (3 person-months) and Project Accounting Specialist (4 person-months)**

8. The key tasks of the specialists will include the following:

 - (i) Review the financial management and accounting systems and capabilities of the project states and ULBs, and identify shortcomings in accordance with *the Technical Guide on Accounting and Financial Reporting by Urban Local Bodies prepared by the Institute of Chartered Accountants of India* (October 2000).
 - (ii) Design accounting systems to be used by the project states and ULBs for project financial management, including forms and records and instructions to the accountants, and prepare instructions for the overall financial management of the Project, including management of accounts, recording and processing of information, and preparation of reports based on ADB guidelines.
 - (iii) In accordance with ADB's *Loan Disbursement Handbook*, assist the accountants in preparing the withdrawal application forms for the initial advance by ADB for the imprest fund and the replenishment of the imprest account; and assist governments' accountants in preparing withdrawal application forms for (a) direct payment, e.g., payment of large civil works and consultants' fees, and (b) reimbursement, e.g., payment of expenditure already paid by the Government from its own funds.
 - (iv) Assist governments' accountants in preparing monthly financial statements and other reports required for the Project; and train the relevant accounting staff in the financial management systems developed and accounting and financial requirements of the Project.
- 7. Community Consultation and Public Relations Specialist (3 person-months)**

9. The key tasks of the specialist include the following:

- (i) Identify and produce key project information/public relations materials for the Project, and develop a consultation program for each project state and ULB.
- (ii) Assist the project states and ULBs in organizing and carrying out stakeholder consultation and awareness campaigns in the project cities to improve public understanding and acceptance of the Project; and seek feedback and build consensus for introducing the recommended institutional and financial reforms.

8. Training Specialist (5 person-months)

10. The key tasks of the training specialist will include developing, organizing, and conducting training programs for the key staff identified jointly by the PMUs/PIUs to (i) familiarize them with ADB policies and procedures in social and environmental safeguards, procurement, recruitment of consultants, etc.; and (ii) build capacity for planning and managing project activities, including overall project implementation planning and management, LAR, consultant selection, procurement, disbursement, fund management, accounting, and reporting.

C. Domestic Consultants for Package 2

1. Public Administration Specialist/Team Leader (12 person-months)

11. The public administration specialist will assume overall responsibility as the team leader for package 2 for effective performance of the team and successful delivery of outputs. Specific responsibilities will include, but will not be limited to, the following:

- (i) Assess the state of preparedness of the project states and ULBs in implementing institutional and financial reforms recommended by the preceding PPTA.
- (ii) Work with the international and domestic specialists in developing action plans and defining the role of each concerned entity in implementing the reforms.
- (iii) Consolidate the work plans of individual specialists, coordinate their work, and oversee implementation of reforms in component B of the TA, including coordination of various surveys and data collection to fast-track projects identified under NERUDP phase I, if any.
- (iv) Organize a study tour of government officials to Karnataka.
- (v) Be responsible for delivery of all reports—inception, monthly, and final—and activities in package 2 of the TA.

2. Water Supply Specialist (6 person-months)

12. The water supply specialist will work with the international water utility specialist in initiating and preparing for institutional reforms in the water sector in the project states and cities. The key tasks of the water supply specialist will include the following:

- (i) Measure actual water consumption of 100–200 households in each city; wherever possible get this information through the use of flow meters installed in the household and supplemented by observation of water storage and plumbing arrangements and their use (about 1,350 consumer meters, 90 clamp-on flow meters, and one set of water loss detection equipment will be provided).
- (ii) Oversee valuation of water supply and sanitation assets in the project cities.
- (iii) Assist international specialists in preparing the necessary institutional framework for implementing of reforms recommended by the preceding PPTA.
- (iv) Identify and measure water losses from main reservoirs and pipelines by closing the outlet pipes of minor reservoirs and inlet pipes of major reservoirs, observing water level changes in reservoirs, and using clamp-on flow meters; determine water losses in pipelines using water loss detection equipment and, to the extent possible, identify levels of unaccounted-for water and of major leaks in each system through system modeling; provide training in water leak identification.

3. Financial Management and Accounting Specialists (16 person-months)

13. The key tasks of the specialists will include the following:

- (i) Review the financial management and accounting systems and capabilities of project states and ULBs in accordance with the *Technical Guide on Accounting and Financial Reporting by Urban Local Bodies prepared by the Institute of Chartered Accountants of India* (October 2000).
 - (ii) Review the policies of the Government of India for implementing double-entry accounting, identify standard reports generated and accounting systems used in other states, and design the double-entry accounting systems to be used by the project states and ULBs for improved financial management, including the charts of accounts, forms and records to be used, and instructions to the accountants.
 - (iii) Prepare a strategy for computerizing the accounts, beginning with subjects such as payroll, billing, and collection and inventory; and test and verify the designed system, identify steps necessary to improve the record flow, train concerned staff of the project states and ULBs on the designed system, and assist them in its initial operation.
 - (iv) Inventory the water supply and sanitation assets in project ULBs and reconcile it with ULB's accounting records.
 - (v) Accompany the government officials to the study tour of Karnataka to observe the accounting systems being used.
- 4. Human Resource Development Specialist** (6 person-months)
14. The key tasks of the specialist will include the following:
- (i) Conduct human resource surveys of the project ULBs, review the human resource management practices and policies of the ULBs with initial focus on Agartala, Kohima, and Shillong and, based on recommendations made by the preceding PPTA, prepare a human resource management strategy by evaluating the present human resources, identifying gaps or areas needing strengthening, and proposing appropriate numbers of staff and measures.
 - (ii) Assess the future human resources needs of the proposed water utilities and propose available alternatives and transitional arrangements with regard to the employees; and conduct consultations with the concerned stakeholders on the proposed options, including the state employees currently providing water services and employees unions.
- 5. Property Taxation Specialist** (7 person-months)
15. The key tasks of the property taxation specialist will include the following:
- (i) Accompany government officials on the study tour of Karnataka to review and assess the implementation and effectiveness of the system being used in Karnataka for registration and collection of property taxes developed by the e-Governments Foundation, and present suggestions and alternatives, if any, for implementing a similar system to the decision makers.
 - (ii) Coordinate and lead the team of surveyors and database managers to implement the registration of property in project cities.
 - (iii) Identify training requirements and materials, and assist in pre-implementation activities, including training of key state government officials.
- 6. Legal Specialist** (2 person-months)
16. The key tasks of the legal specialist will include the following: (i) assist in identifying legal gaps and implications of implementing institutional reforms recommended by the preceding PPTA, (ii) give legal advice for the same, and (iii) give legal advice during the TA period as and when the need arises.

INITIAL POVERTY AND SOCIAL ANALYSIS

A. Linkages to the Country Poverty Analysis

Is the sector identified as a national priority in country poverty analysis?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Is the sector identified as a national priority in country poverty partnership agreement?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>Contribution of the sector or subsector to reduce poverty in India:</p> <p>Assessment of the prevailing situation in India, the North Eastern Region (NER), and the project cities has revealed poor urban infrastructure and environmental conditions. Urban and environmental conditions in the NER are poor due to lack of adequate investments and weak capacities of urban local bodies (ULBs).</p> <p>The North Eastern Region Urban Development Project (NERUDP) Phase I Project will improve urban infrastructure and environmental conditions and related social welfare status in the NER by addressing deficiencies in basic infrastructure facilities and services to urban residents in one of the least-developed regions in India. Direct benefits will be sustained improvements in water supply, roads and urban transport, storm water drains, sewerage, sanitation, and solid waste management in the project cities in the NER. The project preparatory technical assistance (PPTA) for the Project is currently assessing the poverty impact of the Project, specifically through a baseline socioeconomic survey of benefits and costs, which apply to different groups of the population in the project cities. This technical assistance (TA) will build the capacity of the project states and ULBs to prepare for the implementation of the Project, and efficiently and effectively manage, coordinate, implement, and monitor it.</p>			

B. Poverty Analysis

Targeting Classification: General intervention

<p>What type of poverty analysis is needed?</p> <p>A poverty analysis for the Project is currently being undertaken through the PPTA. A detailed socioeconomic survey has been conducted in each project city, using participatory approaches such as focus group discussions involving key stakeholder representatives of the society. As a bridging TA that builds the capacity of project states and the ULBs, this TA will not undertake poverty analysis.</p>

C. Participation Process

<p>Is there a stakeholder analysis? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>The PPTA has covered the stakeholder analysis through socioeconomic surveys accompanied by focus group discussions, involving key stakeholder representatives of the society. The proposed capacity-building TA will not undertake a stakeholder analysis.</p>
<p>Is there a participation strategy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>The PPTA has performed participatory exercises and rapid assessments at different levels, including communities, ULBs, and line agencies involved in providing urban services. This capacity-building TA will not formulate a participation strategy.</p>

D. Gender Development

<p>Strategy to maximize impacts on women:</p> <p>The gender action plan and strategy were developed during PPTA implementation. This capacity-building TA will not have a gender development output.</p>
<p>Has an output been prepared? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

E. Social Safeguards and other Social Risks

Item	Significant/ Not Significant/ None	Strategy to Address Issues	Plan Required
Resettlement	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None	This capacity-building TA will not have physical impacts and therefore will not have resettlement impacts.	<input type="checkbox"/> Full <input type="checkbox"/> Short <input checked="" type="checkbox"/> None
Affordability	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None	This capacity-building TA will have no affordability impacts.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Labor	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	This capacity-building TA will upgrade the capacity of state and ULB officials.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Indigenous Peoples	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None	This capacity-building TA will not have physical impacts and therefore will not have indigenous people impacts.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Other Risks and/or Vulnerabilities	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No