



# Technical Assistance Report

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Project Number: 39654

June 2006

## Technical Assistance Cluster India: Project Processing and Capacity Development (Financed by the Government of the United Kingdom)

Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 16 May 2006)

Currency Unit	–	rupee/s (Re/Rs)
Re1.00	=	\$0.022
\$1.00	=	Rs45.39

## ABBREVIATIONS

ADB	–	Asian Development Bank
ADTA	–	advisory technical assistance
CBO	–	community-based organizations
CSP	–	country strategy and program
CSPU	–	country strategy and program update
DEA	–	Department of Economic Affairs
DFID	–	Department for International Development
EA	–	executing agency
INRM	–	India Resident Mission
JTF	–	joint task force
OCR	–	ordinary capital resources
PAI	–	project administration instructions
PMU	–	project management unit
PPP	–	public–private partnership
PPTA	–	project preparatory technical assistance
SARD	–	South Asia Department
TA	–	technical assistance
TAC	–	technical assistance cluster
TOR	–	terms of reference

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Targeting Classification</b>	–	General intervention
<b>Sector</b>	–	Multisector
<b>Themes</b>	–	Sustainable Economic Growth; Governance; Capacity Development

## NOTE

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

<b>Vice President</b>	L. Jin, Operations Group 1
<b>Director General</b>	K. Senga, South Asia Regional Department (SARD)
<b>Director</b>	T. Kondo, Country Director, India Resident Mission, SARD
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## I. INTRODUCTION

1. Recent consultations between the Government of India (the Government) and the Asian Development Bank (ADB) have highlighted the need for ADB to strengthen the processing of its India program through enhanced project preparation and capacity development, thereby speeding up project implementation. This is essential if ADB is to prepare projects in greater detail before loan negotiations, as requested by the Government. ADB recognizes the importance of this in terms of improving the efficiency of its operations, and its responsiveness to client needs. This technical assistance cluster (TAC) will support identified projects to enhance project preparedness and develop local capacities for improved project implementation. The Government has agreed with the impact, outcome, outputs, and implementation arrangements, cost, and financing arrangements of the TAC<sup>1</sup>. The design and monitoring framework for the TAC is in Appendix 1.

## II. ISSUES

### A. Rationale

2. Sustainable growth through infrastructure development is a key instrument for poverty reduction. Economic developments over the past 2 years have reaffirmed the relevance of ADB's core operational strategy of combating poverty through infrastructure-led growth, as detailed in the country strategy and program for India (CSP).<sup>2</sup> This approach was confirmed by the midterm appraisal of the Government's 10<sup>th</sup> Five Year Plan (2002–2007) and by the importance given by the Government to infrastructure development programs such as the national highways development program, urban renewal, rural roads, rural electrification, and public–private partnership arrangements for funding infrastructure. In line with this thrust, ADB's active portfolio largely focuses on infrastructure projects in transport (36% of total operations), the urban sector (22%), and the energy sector (19%).

3. While maintaining the focus on infrastructure, recent country strategy and program updates (CSPU) 2004,<sup>3</sup> and the CSPU 2005,<sup>4</sup> have significantly enhanced proposed assistance for agriculture and rural development, in line with the priorities of the Government's National Common Minimum Program. In response to the Government's request to focus on relatively underdeveloped states in order to reduce interregional disparities and assist India to achieve the Millennium Development Goals, ADB has gradually increased assistance to states with high incidence of poverty, poor social indicators, weak infrastructure, and weak overall capacities. These include Assam, Chhattisgarh, Jammu and Kashmir, the northeastern region, Orissa, Uttaranchal, and West Bengal.

4. Comprehensive project preparation will (i) reduce delays in project commencement after loan approval, (ii) support expediting of development projects, and (iii) create an environment for sustainable growth. Better project preparedness will also reduce the accrual of commitment charges to the Government because of start-up delays. The TAC responds to the Government's emphasis on the need for greater project preparedness in ADB projects.

5. Given the wide range of executing agencies (EAs) in India, a comprehensive and focused intervention such as the TAC is much needed. Experience with project implementation

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<sup>1</sup> The TA first appeared in *ADB Business Opportunities* on 19 December 2005.

<sup>2</sup> ADB. 2003. *Country Strategy and Program for India, 2003–2006*, Manila.

<sup>3</sup> ADB. 2004. *Country Strategy and Program Update for India, 2005–2007*, Manila.

<sup>4</sup> ADB. 2005. *Country Strategy and Program Update for India, 2006–2008*, Manila.

has clearly revealed strong variations in EA capacity. Some EAs require limited support in the form of incremental consulting services, some require capacity development under advisory technical assistance (ADTA), some need conventional project preparatory technical assistance (PPTA), some need bridging TA to provide project start-up support, and many require extensive all-round support. The average size of individual loans in the India program has increased significantly from \$148 million per loan in 2000 to a proposed \$321 million in 2006. Larger projects require more elaborate preparation. The TAC offers the flexibility to meet diverse and fast emerging requirements, and will be relevant, responsive, and results-oriented.

6. In recent years the Government has asked ADB to move to newer,<sup>5</sup> smaller, and less-developed states, which have limited financial and technical capacity to undertake detailed project design. As a development finance institution committed to poverty reduction, ADB is committed to assisting these states and EAs, not only in the formulation of projects for sustainable development, but also in the development of their long-term capacities to plan and implement projects.

7. The Government has also emphasized during recent high-level policy dialogues with ADB that lack of comprehensive preparation for ADB loans is delaying actual loan disbursement. Commitment charges continue to accrue on the loan during this period, which can make an entire project unfeasible and unattractive to the Government, particularly because only ordinary capital resources (OCR) funds are available to India. In this regard, detailed project design could justifiably be included as part of the assistance to EAs that can be funded through TA funds. The TAC would have a number of advantages such as (i) enhanced project readiness and predictable disbursements, (ii) greater client ownership, (iii) enhanced implementation efficiency, and (iv) greater quality control and time saving in the processing and monitoring of TAs by ADB and the Government. The proposed TAC aims to bring all component projects to a higher level of project preparedness without any dilution of social safeguard requirements. By placing the various projects cutting across sectors under one TAC, proper quality control will be assured in the preparation and delivery of TA projects.

8. A commitment to greater project efficiency in processing and delivery will eventually increase overall lending to India, which is targeted to double from an annual figure of \$1.3 billion in recent years to \$2.65 billion by 2008. Staff resources have not increased in line with these proposed increases in investment levels. There is therefore an urgent need to save time in loan processing while safeguarding and improving efficiency. The proposed TAC will take much less time than that needed to process and monitor individual PPTA and ADTA projects. The TAC will also (i) meet the client government's constant demand for more comprehensive project preparation, and (ii) ensure greater ownership and involvement from the start of implementation arrangements. It will greatly ease the administrative burden of counterpart institutions. The ADB's Board of Directors will be able to monitor a single cluster rather than a range of TA projects.

9. In addition, there are many factors due to which the strategic thrust and direction of ADB's India program needs to be reviewed and reprioritized while preparing the new lending pipeline. The program needs to consider including financial arrangements like back-to-back lending to states, and new financial and operational modalities like public-private partnerships, and viability gap funding, among others. The weak capacities of newer states and EAs and the expansion of their operations to new sectors such as agribusiness, rural finance, small- and

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<sup>5</sup> States where ADB has just commenced operations for the first time. It includes newly formed states (Chattisgarh, Uttaranchal) as well as other states (Jammu and Kashmir, Orissa, and the northeast region).

medium-sized enterprises, and water resources management have raised a number of issues, including the cost of ADB's OCR funds and the additional transaction costs related to complying with ADB's social and environmental safeguard policies. The attractiveness of OCR-based lending terms needs to be seen in the context of the substantial access that India has to international development assistance funds from the World Bank and other grant funds from bilateral donors.

10. TA clusters were introduced in 1997 in the *Review of the Bank's Technical Assistance Operations*.<sup>6</sup> However, TA clusters were restricted to ADTA projects. Approval of the Board is therefore requested to allow the inclusion of PPTAs in the proposed TAC on an exceptional basis as it would greatly enhance the efficiency and effectiveness of the India program by addressing a critical cross-sectoral theme of higher levels of project preparedness and capacity development. The safeguards applicable to PPTAs will be maintained, including enhanced management scrutiny of component TAs.

11. The proposed TAC will be financed entirely by the Government of the United Kingdom on a grant basis and will cover feasibility studies, due diligence, capacity development, and detailed design in respect of component TAs. The Government of the United Kingdom through its Department for International Development (DFID) has confirmed its intention to finance the TAC by its letter dated 8 March 2006, and has also endorsed financing<sup>7</sup> of detailed design through its letter dated 1 May 2006.

### III. THE PROPOSED TECHNICAL ASSISTANCE CLUSTER

#### A. Impact and Outcome

12. The proposed TAC has been formulated in response to client needs and in close consultation with the Government. It has been designed to enhance results from ADB operations by increasing efficiency and timeliness in the preparation of development projects. It will mean that a great deal of processing is front-loaded and will cover feasibility studies and/or preliminary design, due diligence, detailed design, and preparation and evaluation of bid documents, up to readiness for contract awards. It will ensure that sufficient capacity is built for effective project implementation and that initial institutional arrangements, such as setting up a project management unit (PMU), are begun. The TAC will support better project design through the incorporation of best practices. The enhanced project preparedness, improved design, and better capacity for effective implementation created by this TAC will greatly improve the quality and speed of delivery of over \$3 billion of proposed infrastructure and development investment essential for sustainable growth and poverty reduction.

#### B. Methodology and Key Activities

13. The proposed TAC will support enhanced preparation of projects and capacity development in the India program. The TAC will greatly (i) reduce project start-up time after approval, (ii) reduce the number of stand-alone TA projects in the India program, and (iii) enhance ownership of the ensuing projects by the Government.

<sup>6</sup> ADB. 1997. *Review of the Bank's Technical Assistance Operations*. Manila (R 119-97).

<sup>7</sup> ADB. 2003. *Operations Manual Bank Policies*. Section D12/BP: Technical Assistance. Manila. 29 October. Paragraphs 24 and 25.

14. The 15 TA projects from the India program for 2006–2008 that are included under the TAC are:

- (i) Madhya Pradesh State Roads Sector Development Project II (proposed \$250 million project – 2007 firm loan),
- (ii) Northeastern States Roads Project (proposed \$300 million project – 2006/07 firm loan),
- (iii) Railway Sector Improvement Project II (proposed \$400 million project – 2007 loan),
- (iv) National Highways Public–Private Partnership Project (proposed \$400 million project – 2006 firm loan),
- (v) National Hydroelectric Power Corporation Capacity Development (proposed \$400 million project – 2006/07 firm loan),
- (vi) Private Participation in the Energy Sector (proposed \$100 million project – 2007 firm loan),
- (vii) Madhya Pradesh Transmission Strengthening (2007 firm loan),
- (viii) Rajasthan Urban Infrastructure Development Phase II (proposed \$200 million project – 2007 firm loan),
- (ix) Uttaranchal Urban Development Project (proposed \$150 million project – 2007 firm loan),
- (x) Jammu and Kashmir Urban (proposed \$300 million project – 2006 firm loan),
- (xi) Jawaharlal Nehru National Urban Renewal Mission (proposed \$300 million project – 2008 firm loan; work on this component TA will commence under the TAC and continue in the next phase of the TAC proposed for 2007),
- (xii) Orissa Integrated Irrigated Agriculture and Water Management Project (proposed \$250 million project – 2007 firm loan),
- (xiii) Capacity Development for Commodity Futures Market,
- (xiv) Capacity Development for the Rural Roads Sector, and
- (xv) Supporting North Karnataka Urban Sector Infrastructure Program.

Detailed concept papers for the component TAs are in Appendix 3.

15. The main activities to be covered and financed under the proposed TAC are (i) feasibility studies or preliminary designs, covering preliminary engineering studies, economic analysis, initial environmental examination, and social impact studies; (ii) due diligence (safeguard issues including social and environmental assessments as necessary, environmental impact assessments, resettlement plans, and indigenous peoples development plans as required); (iii) capacity development (including EA implementation capacity, strengthening participatory processes, meeting physical requirements and social safeguards); (iv) support for preparation of bidding documents; (v) support for procurement (calling for bids, conducting pre-bid meetings, evaluating bids, contract negotiations with successful bidders, and preparing for contract signing); and (vi) detailed design through preparation of detailed project reports (DPRs).

16. These can be categorized into category A and category B activities. Category A activities would normally precede category B activities, which will begin only after activities listed under category A are completed. Because of the different technical levels and requirements of the various sectors or EAs, the responsibility for identifying and categorizing activities undertaken under the TAC will rest with the project officer of the specific TA. The project officer will also specify when the loan fact-finding mission for each TA will be undertaken, in the course of preparing the TA papers or implementation plans.

17. Category A activities would normally include the following items from paragraph 15: (i)–(iii), with the option to include (iv) and (v), i.e., preparation of bidding documents and procurement. Category B would include item (vi) i.e., detailed design, with the option to include (iv) and (v), i.e., preparation of bidding documents and procurement. The exact demarcation of category A and B may vary between sectors and different TAs and will be recorded in the TA papers or implementation plans, as may be the case.

18. The inclusion of projects in the proposed TAC is based either on their inclusion in the approved program for 2006–2008 or on separate confirmation by the Government. The amounts allocated to each project vary and are affected by many factors, including (i) the capacity of the EA, (ii) the stage of project processing, and (iii) work previously undertaken.

19. Intensive capacity development on processes and requirements for and before project implementation are essential for effective project delivery, especially when EAs are weak. Capacity development under the TAC will be mainly focused on projects being prepared.

### **C. Cost and Financing**

20. The proposed TAC of \$15,000,000 will be financed by the Government of the United Kingdom on a grant basis for enhanced project preparedness of identified TA projects in the India country program. The Government will provide counterpart contributions in kind estimated at \$4,000,000. The cost estimates and financing plan are in Table A2.1 of Appendix 2. The TAC would have significant cost advantages in terms of expediting development projects and ensuring enhanced competitiveness of ADB's interventions.

21. While there are variations between sectors and individual projects, the average cost of detailed project preparation is estimated at about 1% of the project cost. For projects proposed under the multitranche financing facility and/or sector loans, better project preparation will be focused on the first tranche of the ensuing loan or sample subprojects. The estimated funding requirement from the TAC for each component TA is in Table A2.2 in Appendix 2. The responsibility for finalizing these and estimating funds to be released at each stage of project preparation will be based on the implementation plan or TA paper prepared by mission leaders during the initial fact finding or before commencement of the component TA. The Government has been informed that approval of the TAC does not commit ADB to finance any ensuing project.

### **D. Implementation Arrangements**

22. The Department of Economic Affairs (DEA) of the Government will be the EA for the TAC.

23. A TAC joint task force (JTF) will be constituted to provide overall guidance on programming and critical project-related aspects of the TAC. The JTF will comprise senior representatives at the level of a joint secretary or director from the Government (DEA), the country director at the India Resident Mission (INRM), relevant sector directors of the South Asia Department (SARD) or sector specialists from the INRM, and the project officer of the TAC. Mission leaders responsible for the TA projects and representatives of the respective EAs of the TA projects may be requested to join the meetings as required.

24. The responsibilities of the JTF will include (i) addition or deletion of TA projects in the TAC, (ii) endorsement of the addition or deletion of TA projects of less than \$500,000, (iii)

monitoring of projects and review of biannual monitoring reports on status of TA projects, and (iv) review of TAs moving to category B activities.

25. On the basis of recommendations by the JTF, formal approval for the addition or deletion of TAs, and addition and deletion of TAs of less than \$500,000, will be obtained from the director general, SARD. Any addition or deletion will be within the total approved outlay of the TA cluster of \$15 million. Any change in the composition of the TA cluster will comply with the procedures for changes in scope as outlined in project administration instructions.<sup>8</sup>

26. The INRM will nominate a project officer for the TAC, who will be supported by an implementation consultant. He or she will support administration and monitoring. The JTF will be informed of the project processing status and risks or problems so it can take timely corrective action. ADB mission leaders of component TAs will provide quarterly inputs to the TAC project officer. Monitoring will be against (i) progress in project preparation for each component TA project, (ii) compliance with social and environmental safeguards, (iii) timeliness in processing, and (iv) disbursements, among others. The TAC project officer will prepare consolidated biannual reports on the progress of the TAC, which will be presented to the JTF. A copy of this report will also be provided to DFID. The JTF members will, based on the information available, deliberate at the task force meetings on the (i) progress on each of the TAs; and (ii) key issues and problems, and proposed solutions. A Board information paper, as required under R119-97 (footnote 6) will be prepared for each TA at commencement by the project officers. A consolidated report will be prepared biannually by the project officer of the TA cluster to inform the Board on progress under the TAC. These arrangements will ensure close monitoring of the TA cluster by Management and the Board.

27. Some TA projects under the TAC may require only incremental work or special needs-based consultancies. In cases where only marginal incremental work is required, a simplified procedure is suggested in which fact finding or preparation of TA papers may not be necessary. Instead, project officers for such TA projects may be required to prepare detailed implementation plans, which will be considered and approved by the director general, SARD. Such TA projects will have a total funding requirement of \$0.5 million or less. Examples of this category under the proposed TAC are (i) National Highways Public–Private Partnership Project (\$0.4 million), (ii) National Hydroelectric Power Corporation Capacity Development (\$0.5 million), (iii) Capacity Development for the Rural Roads Sector (\$0.2 million), (iv) Jammu and Kashmir Urban Project (\$0.5 million), (v) Madhya Pradesh Transmission Strengthening (\$0.5 million), and (vi) Supporting North Karnataka Urban Sector Infrastructure Program (\$0.3 million).

28. TA projects under the TAC (other than the exceptions specified in paragraph 27) will be prepared in detail, following approval of the proposed TAC. A fact-finding mission will visit the state and/or EA concerned, as required, before the beginning of each TA project. The mission will reach an understanding on the detailed scope of work, including capacity development requirements, costing, and implementation arrangements. The details will be recorded in an aide memoire to be confirmed by the EA.

29. A TA paper will be prepared at this stage which will include the schedule of physical and processing milestones and phasing; a costing plan, including phasing of costs; consulting service details and terms of reference; capacity development requirements; risks; and

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<sup>8</sup> ADB. 2006. *Project Administration Instructions*. PAI 5.04. Change in Project Scope or Implementation Arrangements. Manila; and ADB. 2006. *Project Administration Instructions*. PAI 5.11 Administering Grant Financed Technical Assistance Projects. Manila.

contingency plans, as required. As the proposed TA will play an important role in enhancing the project preparedness of several projects, it is important for it to incorporate lessons learned in terms of implementation performance in preceding loans in the sector or subsector. Mission leaders of individual projects will ensure that lessons from past project implementation in the sector or subproject as brought out by ADB evaluation studies will be incorporated in the project design of the component TA. Each TA project will incorporate appropriate reporting arrangements, including (i) periodic progress reports, (ii) a draft final report, and (iii) a final report at TA completion. Active involvement of stakeholders will be assured through workshops which will be planned and provided for in the TA paper and Implementation plan.

30. The TA paper will be circulated for interdepartmental review before submission to the director general, SARD for approval. The TA paper will be approved by the director general, SARD prior to implementation. Mission leaders of the TA projects will be fully responsible for administration and timely delivery of TA projects.

31. Category A and B activities will form part of the TA papers or implementation plans to be approved by the director general, SARD. However the TA paper or implementation plan will clearly specify the requirements for progression from category A to category B. A loan fact-finding mission will normally be undertaken before the commencement of category B activities. A signed memorandum of understanding or confirmation of the aide memoire of the loan fact-finding mission at this stage will be the basis for progressing to category B activities. In cases where the Government has requested early processing for a specific project and this is agreed to at meetings of the JTF, the project may be processed for proposed approval without linking it to completion or commencement of different categories of activities. Under category B, the EA can assume ownership for detailed design, including recruitment of consultants. Provision of project design assistance however, does not commit ADB to financing any ensuing loan.

32. A TAC completion report will be prepared for the TAC as a whole. Separate completion reports will not be prepared for each TA projects, although the mission leaders will provide inputs to the TAC completion report. However, in the case of project preparatory TA that does not lead to a loan, a separate TA completion report will be prepared, in keeping with the provisions of PAI.<sup>9</sup>

33. The TAC i.e., each of the 15 component TAs will require a team of international and domestic consultants to be engaged separately. Cost estimates for the consulting services have been prepared in consultation with project divisions of the component TA projects. However, these are estimates which will be finalized during fact-finding and/or preparation of TA papers or implementation plans and reflected in each component TA.. Similarly, the requisite fields of expertise have been detailed in Appendix 4, but these will also be finalized and reflected in the TA papers and implementation plans.

34. The consultants will be engaged in accordance with *Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers* and other arrangements satisfactory to ADB for the engagement of domestic and international consultants. The consultants will be recruited in accordance with the sequence of activities and urgency of requirements and the method of selection will be specified for each component TA project in the TA paper or implementation plan prepared. Delegation of consultant recruitment responsibilities to the EAs may be resorted to based on requirements of component TAs and assessment of EA capacity. This will also similarly be reflected in the component TA papers or implementation plans. Given

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<sup>9</sup> ADB. 2003. *Project Administration Instructions*. PAI 6.08. Technical Assistance Completion Report. Manila.

the time pressure on implementing the component TAs that are feeding into the 2006 investment program, advance action may be approved.

35. Consultant packages identified for each component TA will include firms and/or individuals as appropriate. Based on broad estimates aggregated from the TA projects, the costing for consulting inputs is based on 350 person-months of international consultants and 1,550 person-months of domestic consulting services. Given the large requirements for consulting services and the staff resource implications for the consulting services division, projects officers will be encouraged to use the services of consulting firms where possible.

36. Small contracts will be awarded, and equipment will be purchased, following ADB's *Procurement Guidelines*. Equipment procured will be handed over to the respective EAs and/or implementing agencies, as detailed in the TA papers.

37. The TAC will ensure enhanced ownership by the EAs and implementing agencies because they will be involved from the initial stages of project design and because their capacity for implementation will be strengthened. The mission leaders of the component TAs will be responsible for (i) preparing a TA paper or implementation plan for approval by the director general, SARD; (ii) identifying capacity development requirements; and (iii) supporting monitoring of component TA projects to assess risks and suggest midcourse corrections. The TAC will be implemented over a period of 2 years and 6 months from 1 July 2006 to 31 December 2008.

#### **IV. THE PRESIDENT'S RECOMMENDATION**

38. The President recommends that the Board approve (i) ADB administering the technical assistance cluster not exceeding the equivalent of \$15,000,000 to the Government of India to be financed on a grant basis by the Government of the United Kingdom for Project Processing and Capacity Development; and (ii) a variation from the existing policy to include PPTA projects, on an exceptional basis, as proposed in paragraph 10 of this report.

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<b>Impact</b> Improvement of project implementation readiness	Accelerated subproject approval from ADB  Accelerated procurement and contract awards  Project implementation unit established	Approval percentages in the India program  Disbursement ratios	<b>Assumption</b> <ul style="list-style-type: none"> <li>• Commitment from the Government</li> </ul>
<b>Outcome</b> Achievement of better efficiency and ownership in project preparation and implementation  Promotion of private participation	Investment projects identified  Private sector participation increased  Consulting team mobilized and counterpart staff appointed within the agreed timeframe  Accelerated disbursement of funds and implementation of project within the agreed timeframe achieved  Number of component TAs with private sector participation	Implementation plans and TA papers  Project implementation readiness monitoring system	<b>Assumptions</b> <ul style="list-style-type: none"> <li>• Active cooperation from the executing agency and commitment to reform</li> <li>• Willingness of the private sector to participate</li> </ul>
<b>Outputs</b>  1. Feasibility study 2. Detailed design 3. Bidding documents 4. Procurement 5. Due diligence 6. Capacity development	1. Feasibility studies completed  2. Completion of DPRs for the component TA projects  3. Bidding documents completed  4. Procurement process initiated  5. Due diligence of social and environmental safeguard measures of all ADB supported projects, as necessary  6. Project implementation units strengthened  Project staff at state and field levels trained on project arrangements  Project MIS established and fully operated (financial, physical, institutional, socioeconomic, etc.)  7. Policy and other enabling framework established	ADB review missions  Project MIS data  Prepared reports on PAM, training manuals, MIS manuals, etc.  TA consultants' progress reports  Consultancy and procurement packages	<b>Assumptions</b> <ul style="list-style-type: none"> <li>• EA and support agencies provide support, including (i) data and information, (ii) resources for land acquisition, and (iii) cooperation in providing environmental clearance</li> <li>• Monitoring and quality support are effective</li> <li>• States and EAs willingness to implement TA and/or projects and provide committed counterpart support and/or contribution</li> </ul>

Activities with Milestones	Inputs
<p><b>A. By Government and/or States</b></p> <p>1.1 Set up project offices, and appoint counterpart staff (prior to TA start)</p> <p>1.2 Prepare draft DPRs</p> <p>1.3 Regularly work with consultants with provision of necessary surveys and other support, and organization of meetings</p> <p>1.4 Provide office space, data and/or information and documents, DPRs (and other inputs as appropriate), and other support to the component TA</p> <p><b>B. By Consultants (including subcontracted NGOs)</b></p> <p>2.1 Undertake designated TA activities in close interaction with the state, the Government, stakeholders, and ADB.</p> <p>2.2 Further preparation of subproject implementation packages</p> <p>2.3 Institutional strengthening for program delivery</p> <p><b>C. By ADB</b></p> <p>3.1 Recruit consultants in coordination with the Government</p> <p>3.2 Monitor and supervise TA activities regularly</p> <p>3.3 Guide the TA activities through inception and review missions</p>	<ul style="list-style-type: none"> <li>• Counterpart staff, operating, and other implementation expenses (in kind)</li> <li>• Engineering designs and other activities for DPR preparation as appropriate (in kind)</li>   <li>• Capable international and domestic consultants engaged</li>   <li>• Internal staff resources</li> <li>• Inception and review missions</li> </ul>

DPR = detailed project report, EA = executing agency, PPMS = project performance management system, TA = technical assistance.

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Tadashi Kondo  
Country Director, INRM  
Date:

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Kunio Senga  
Director General, SARD  
Date:

**COST ESTIMATES AND FINANCING PLAN**

**Table A2.1: Overall Cost Estimates**  
(\$ million)

<b>Item</b>	<b>Total Cost</b>
<b>A. Government of the United Kingdom Financing<sup>a</sup></b>	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	5.00
ii. Domestic Consultants	6.20
b. International and Domestic Travel	0.60
c. Reports and Communications	0.20
2. Field Studies and Stakeholder Consultations	0.40
3. Conferences, Seminars, and Workshops	0.20
4. Equipment	0.20
5. Advance Action at the Project Level	0.20
6. Dissemination of Regional and National Best Practices	0.40
7. Capacity Development of Executing Agencies	0.80
8. Miscellaneous Administration Costs <sup>b</sup>	0.40
9. Contingencies	0.40
<b>Subtotal (A)</b>	<b>15.00</b>
<b>B. Government Financing</b>	
1. Counterpart Staff Support	2.00
2. Office Accommodation and Support Services	0.50
3. Communications, Office Supplies, and Equipment	0.50
4. Local Transport	0.50
5. Miscellaneous Administrative Expenses	0.35
6. Contingency	0.15
<b>Subtotal (B)</b>	<b>4.00</b>
<b>Total</b>	<b>19.00</b>

<sup>a</sup> Administered by the Asian Development Bank (ADB).

<sup>b</sup> Including government representative at negotiations.

Source: ADB estimates.

TABLE A2.2: PROPOSED COMPONENT TECHNICAL ASSISTANCE COST ESTIMATES

No.	Project Title	Year of Loan	Amount of Loan (\$ million)	Total/ Incremental Amount Under TA Cluster (\$ million)
1	Railway Sector Improvement Project II (feasibility study and detailed design)	2007	400	1.0
2	Madhya Pradesh State Roads Sector Development Project II (feasibility study and detailed design)	2007	250	2.0
3	Northeastern States Roads Project (safeguard, due diligence, and detailed design)	2006/07	300	1.5
4	National Highways Public–Private Partnership Project	2006	400	0.4
5	Capacity Development for the Rural Roads Sector	2006		0.2
6	National Hydroelectric Power Corporation (NHPC) Capacity Development	2006/07	400	0.5
7	Madhya Pradesh Transmission Strengthening	2007		0.5
8	Private Participation in the Energy Sector	2007	100	1.0
9	Rajasthan Urban Infrastructure Development Phase II	2007	200	1.2
10	Uttaranchal Urban Development Project	2007	150	1.5
11	Jammu and Kashmir Urban	2006	300	0.5
12	Jawaharlal Nehru National Urban Renewal Mission	2008	300	0.5
13	Supporting North Karnataka Urban Sector Infrastructure Program	2006	270	0.3
14	Orissa Integrated Irrigated Agriculture and Water Management Project	2007	250	2.5
15	Capacity Development for Commodity Futures Market	2007	200	1.0
	<b>Subtotal</b>			<b>14.6</b>
	<b>TA Cluster Management and Contingencies</b>			<b>0.4</b>
	<b>Total</b>			<b>15.0</b>

TA = technical assistance.

Source: ADB estimates.

**DETAILED CONCEPT PAPERS FOR THE TECHNICAL ASSISTANCE PROJECTS  
INCLUDED UNDER THE TECHNICAL ASSISTANCE CLUSTER**

1. Railway Sector Improvement Project II
2. Madhya Pradesh State Roads Sector Development Project II
3. Northeastern States Roads Project
4. National Highways Public–Private Partnership Project
5. Capacity Development for the Rural Roads Sector
6. National Hydroelectric Power Corporation Capacity Development
7. Madhya Pradesh Transmission Strengthening
8. Private Participation in the Energy Sector
9. Rajasthan Urban Infrastructure Development Phase II
10. Uttaranchal Urban Development Project
11. Jammu and Kashmir Urban
12. Jawaharlal Nehru National Urban Renewal Mission
13. Supporting North Karnataka Urban Sector Infrastructure Program
14. Orissa Integrated Irrigated Agriculture and Water Management Project
15. Capacity Development for Commodity Futures Market

**Railway Sector Improvement Project II  
Concept Paper**

Date: April 2006

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> ADF grant-financed</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Other: (multitranches if Innovation and Efficiency Initiative is approved)</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport and communications Subsector: Railways</p> <p>b. Targeting classification</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Targeted intervention</p> <p style="margin-left: 20px;"><input type="checkbox"/> General intervention</p> <p>c. Key thematic areas</p> <p>Themes:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><input checked="" type="checkbox"/> Sustainable economic growth</td> <td style="width: 50%;"><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Capacity development</td> </tr> </table> <p>Subthemes: Fostering physical infrastructure development, promoting economic efficiency and enabling markets</p>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Capacity development
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Capacity development							
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Transport and Communications Division/South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> P. Dutt</p>								
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Because of increasing competition from road transport, the share of Indian Railways (IR) in the transport market has been falling for more than two decades. The financial position of IR has deteriorated and it does not generate enough resources to finance investments in asset replacement or capacity expansion. To restore IR's financial position and enable the railways to help reduce poverty through economic growth, the existing model of railway provision needs to be modified. This will require IR to strengthen its commercial orientation and concentrate on services it can provide at a competitive advantage, notably medium- and long-distance freight, and reduce its involvement in services better provided by</p>								

others. In 2002, the Railway Sector Improvement Project established an 8-year framework to link ADB lending for railways to the accomplishment of successive milestones in the Ministry of Railway's reform program. Reengineering of business processes is one of the reform initiatives identified in the reform program. The proposed project is the second in a series of loans to IR to support institutional strengthening and an investment program. The project conforms to ADB's country strategy for India to reduce poverty through economic growth by improving the country's transport links.

**b. Goal and purpose:** The objective is to improve the performance of the railways by supporting (i) implementation of the second stage of the institutional strengthening to improve IR's commercial orientation; and (ii) expansion of IR's core businesses by financing priority investments to overcome railway capacity bottlenecks and improve operational efficiency and safety.

**c. Components and outputs:** The project will comprise (i) institutional strengthening of the IR operation, and (ii) an investment component that will support priority investments to be agreed with IR.

**d. Rationale and purpose of ADF grant financing:** Not applicable.

**e. Expected results and deliverables:** (i) Improved overall performance of the railways sector, with a further reduction of operating ratio to 86% by 2009/10; (ii) commencement of restructuring of management and operations of IR's core businesses; and (iii) increase in capacity on congested routes. All these will secure revenue growth of the IR through greater patronage by targeted customers.

**f. Social or environmental issues or concerns:** Monitoring of social and environmental impacts is required.

**g. Plans for disseminating results/deliverables:** Workshops and seminars will be included in the project scope.

**For TA, method(s) of TA output dissemination:** {Tick one or more boxes, as applicable}

- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in *ADB Today*
- Others (specify) \_\_\_\_\_

**7. Proposed executing/implementing agency or agencies:** Ministry of Railways

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Formulation of the reform program involved extensive consultations and workshops with representatives of labor unions, user representatives, NGO, and other stakeholders.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004
- b. Expected date of submission for approval
  - Lending: 2007
  - Nonlending (project preparatory): 2006
  - Nonlending (other than project preparatory): not applicable
- c. Period and duration of assistance
  - Lending: 5 years, 2008–2012
  - Nonlending: not applicable

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$400 million
  - Asian Development Fund (loan): \$
  - Asian Development Fund (grant):
  - Other: \$

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

<b>Source</b>	<b>Amount (\$ million)</b>
ADB Financing	tbd
Government Financing	tbd
Other Financing	tbd
<b>Total Cost</b>	<b>tbd</b>

Source: ADB estimates.

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds: \$1,000,000 (DFID Trust Fund)
- Other:

If cofinancing is required, indicate amount and sources sought from

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	tbd
Government Financing	tbd
Other Financing	tbd
<b>Total Cost</b>	<b>tbd</b>

Source: ADB estimates.

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Madhya Pradesh State Roads Sector Development Project II  
Concept Paper**

**Date:** April 2006

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> ADF grant-financed</p> <p style="padding-left: 20px;"><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Project preparatory</p> <p style="padding-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="padding-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="padding-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="padding-left: 40px;"><input type="checkbox"/> Other:</p>		
<p><b>2. Assistance focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport and communications Subsector: Roads and highways</p> <p>b. Targeting classification</p> <p style="padding-left: 20px;"><input type="checkbox"/> Targeted intervention</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> General intervention</p> <p>c. Key thematic area(s)</p> <p>Themes:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Sustainable economic growth  <input type="checkbox"/> Inclusive social development  <input type="checkbox"/> Governance  <input type="checkbox"/> Gender and development         </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Environmental sustainability  <input type="checkbox"/> Regional cooperation  <input type="checkbox"/> Private sector development  <input checked="" type="checkbox"/> Capacity development         </td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth <input type="checkbox"/> Inclusive social development <input type="checkbox"/> Governance <input type="checkbox"/> Gender and development	<input type="checkbox"/> Environmental sustainability <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Private sector development <input checked="" type="checkbox"/> Capacity development
<input checked="" type="checkbox"/> Sustainable economic growth <input type="checkbox"/> Inclusive social development <input type="checkbox"/> Governance <input type="checkbox"/> Gender and development	<input type="checkbox"/> Environmental sustainability <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Private sector development <input checked="" type="checkbox"/> Capacity development	
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> Transport and Communications Division, South Asia Department</p>		
<p><b>5. Responsible ADB officer(s):</b> H. Yamaguchi</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The state of Madhya Pradesh was the first state to be provided with ADB assistance for its state roads, which it received in 2002. Following the substantial reforms under the first generation of ADB assistance for the state road development program, the government of Madhya Pradesh has proposed a second generation of ADB assistance for the state road development. The second generation of the state road project will develop state highways and major district roads, in conjunction with the further enhancement of the sector reform. Although the Madhya Pradesh Road Development Corporation (MPRDC) has been gaining capacity to prepare and manage state roads, support to MPRDC and the public</p>		

works department (PWD) for the preparation of road projects will help increase the readiness of projects, especially for external financing. The TA will enhance the quality of the feasibility study during detailed project report (DPR) preparation by providing due diligence in respect of economic, and financial assessment, and social and environmental safeguards prepared by DPR consultants.

**b. Goal and purpose:** The TA will fill the gap in support provided by government-financed DPR consultants, and systematically develop the capacity of MPRDC and PWD through the provision of support for preconstruction work to assist future projects.

**c. Components and outputs:** The TA will help MPRDC and PWD to improve the quality of the feasibility study during detailed project reports (DPR) preparation by providing due diligence in respect of economic and financial assessment, and social and environmental safeguards prepared by DPR consultants.

**d. Expected results and deliverables:** Important deliverables will comprise high-quality feasibility reports, including economic, financial, and social and environmental safeguard studies, in accordance with the policies of the government of Madhya Pradesh and ADB.

**e. Social or environmental issues or concerns:** The TA will review and update the resettlement plans (RPs) and environmental impact assessment studies prepared under the DPR consultants. Consultation with the project-affected people will be undertaken in this process.

**f. Plans for disseminating results/deliverables:**  
**For TA, method(s) of TA output dissemination:**  
 A conference/workshop/brown bag  
 Publication of article(s) in external journals or books  
 External press release to news agencies, including www.adb.org  
 Internal press release in *ADB Today*  
 Others (specify) \_\_\_\_\_

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**7. Proposed executing/implementing agency or agencies:** Madhya Pradesh Road Development Corporation and Madhya Pradesh Public Works Department

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**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
 The assistance was conceptualized during the consultation mission for the state road project.

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**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005

b. Expected date of submission for approval  
 Lending: not applicable  
 Nonlending (project preparatory): 2006  
 Nonlending (other than project preparatory):

c. Period and duration of assistance  
 Lending: not applicable  
 Nonlending: 2006–2007

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**10. Financing Plan**

a. For lending  
 Ordinary capital resources: \$250 million  
 Asian Development Fund (loan): \$  
 Asian Development Fund (grant): \$  
 Other: \$

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_\_, from \_\_\_\_\_.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	

- b. For nonlending
- No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds \$2,000,000 (DFID Trust Fund)
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	tbd
Government Financing	tbd
Other Financing	tbd
<b>Total Cost</b>	

Source: ADB estimates

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Northeastern States Roads Project  
Concept Paper**

**Date:** April 2006

<p><b>1. Type/modality of assistance</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Lending           <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Project loan</li> <li><input type="checkbox"/> Program loan</li> <li><input type="checkbox"/> Sector loan</li> <li><input type="checkbox"/> Sector development program loan</li> <li><input type="checkbox"/> ADF grant-financed</li> <li><input type="checkbox"/> Other:</li> </ul> </li> <li><input checked="" type="checkbox"/> Nonlending           <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Project preparatory</li> <li><input type="checkbox"/> Other than project preparatory               <ul style="list-style-type: none"> <li><input type="checkbox"/> Economic, thematic, and sector work</li> <li><input type="checkbox"/> Institutional development</li> <li><input type="checkbox"/> Other:</li> </ul> </li> </ul> </li> </ul>								
<p><b>2. Assistance focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport and communications Subsector: Roads and highways</p> <p>b. Targeting classification</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Targeted intervention</li> <li><input checked="" type="checkbox"/> General intervention</li> </ul> <p>c. Key thematic area(s)</p> <p>Themes:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><input type="checkbox"/> Sustainable economic growth</td> <td style="width: 50%;"><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Capacity development</td> </tr> </table>	<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Capacity development
<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Capacity development							
<p><b>3. Coverage</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</li> <li><input type="checkbox"/> Internal policy development</li> </ul>								
<p><b>4. Responsible division/department:</b> Transport and Communications Division, South Asia Department</p>								
<p><b>5. Responsible ADB officer(s):</b> H. Iwasaki</p>								
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The northeastern region, comprising the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura, spreads over a vast expanse of more than 260,000 km<sup>2</sup> and has a population of about 40 million. This region has been the focus of Government for development due to its weak capacity. There is need for skills to undertake detailed project report (DPR) preparation and other investigations. Their problems are further exacerbated by the lack of availability and capacity of local contracting and consulting services within the region. One of the key findings of an ADB-funded PPTA (implemented in 2005) was that further technical assistance was needed to support the states during the start-up phase for preconstruction activities, including preparation of detailed project reports</p>								

and due diligence in respect of social and environmental safeguards.

**b. Goal and purpose:** The TA is to fill the gap in support provided by PPTA and loan-financed consultants, and to systematically develop the capacity of state Public Works Departments (PWDs) through provision of support in the first tranche preconstruction work so preconstruction work for the subsequent tranches can be achieved more efficiently with support from loan-financed consultants.

**c. Components and outputs:** The TA will help state PWDs to (i) prepare DPRs for the first tranche subprojects, (ii) conduct due diligence in respect of social and environmental safeguards in the start-up phase, (iii) initiate procurement process under the first tranche, and (iv) conduct feasibility a study of subprojects to be included under the second and third tranches.

**d. Expected results and deliverables:** The important deliverables will comprise (i) DPRs of the first tranche subprojects, (ii) social and environmental safeguard planning documents, and (iii) bidding documents for the first tranche subprojects.

**e. Social or environmental issues or concerns:** The TA will review and update the resettlement plans prepared under the PPTA and prepare resettlement plans for the first tranche subprojects that were not covered under the PPTA. Consultation with project-affected people will be undertaken.

**f. Plans for disseminating results/deliverables:**

**For TA, method(s) of TA output dissemination:**

- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in *ADB Today*
- Others (specify) \_\_\_\_\_

**7. Proposed executing/implementing agency or agencies:** Ministry of Development for the North Eastern Region (MDONER) and state PWDs

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

The assistance was conceptualized during the implementation of the PPTA. The scope of the assistance was discussed with MDONER and all the northeastern states at the final tripartite workshop of the PPTA, and was endorsed.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2003
- b. Expected date of submission for approval
  - Lending: not applicable
  - Nonlending (project preparatory): 2006
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending: not applicable
  - Nonlending: 2006–2007

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$300 million
  - Asian Development Fund (loan): \$
  - Asian Development Fund (grant): \$
  - Other: \$

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_\_, from \_\_\_\_\_.

Source	Amount (\$)
ADB Financing	
Government Financing	

Other Financing <b>Total Cost</b>	
b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: \$ <input checked="" type="checkbox"/> Grant TA funds: \$1,500,000 (DFID Trust Fund) <input type="checkbox"/> Other	
If cofinancing is required, indicate amount and sources sought: \$____, from _____.	
Source	Amount (\$)
ADB Financing	tbd
Government Financing	tbd
Other Financing	tbd
<b>Total Cost</b>	
Source: ADB estimates .	

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**National Highways Public–Private Partnership Project  
Concept Paper**

Date: 28 April 2006

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> ADF grant-financed</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other: (a multi tranche project if the proposed scheme is approved by the Board)</p> <p><input type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport and communications Subsector: Roads and highways</p> <p>b. Targeting classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Targeted intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> General intervention</p> <p>c. Key thematic area(s)</p> <p>Themes:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><input checked="" type="checkbox"/> Sustainable economic growth</td> <td style="width: 50%;"><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Capacity development</td> </tr> </table> <p>Subtheme: Fostering physical infrastructure development</p>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Capacity development
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Capacity development							
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> INRM</p>								
<p><b>5. Responsible ADB officer(s):</b> Shunso Tsukada</p>								
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p>Having seen substantial progress of the first series of National Highways Development Program (NHDP) programs (92% of NHDP I and 11 % of NHDP II have been completed), the Government of India has announced a second series of NHDP programs (NHDP III, IV, V, VI, and VII plus accelerated road development in northeastern region). The estimated cost is close to \$50 billion over the period of 2005–2012. A salient feature of this series of NHDP programs is the use of the public–private partnerships (PPP), under which highways would be developed by the private sector, primarily through build-operate-transfer (BOT) schemes with grants being provided by the Government to the concessionaires.</p>								

Public Private Partnership (PPP) represents a major paradigm shift in the ways to develop national highways. The first series of NHDP programs (NHDP I and II) were developed by the public sector with use of public sector funds, while the second series of NHDP programs (NHDP III–VII) will be developed by the private sector with a combination of public and private funds. Under the former scheme, NHAH was a developer and operator, but under the latter scheme, NHAH will be a facilitator for the private sector development and operation. The role of NHAH will be (i) specification of design requirements and selection of concessionaires; (ii) land acquisition, resettlement, and environmental protection measures; (iii) contract management and monitoring; (iv) network-wide corridor management and road safety; (v) financial management; and (vi) fund mobilization.

Among the seven NHDP programs, the proposed 2006 project would finance a part of the NHDP III. The phase III program of NHDP was designed to upgrade 10,417 km of the existing national highways to a four-lane standard, at a cost of \$12.5 billion. The program would be primarily developed by the private sector under the BOT scheme with the provision of “viability gap funds” by NHAH.

The proposed project would be executed by NHAH which would also be the borrower of the loan under the guarantee of the Government. The project is aimed at alleviating infrastructure bottlenecks along key national highways and establishing more integrated nationwide national highway systems. The project would consist of two components: (i) a program management support component designed for providing advisory services to NHAH in its implementation of its reform plans and providing necessary support for the organization of “road shows” in target markets in Europe, US, and/or Asia; and (ii) a PPP investment component designed to finance the “viability gap fund” for eligible sections of the NHDP III program. The project would be prepared with use of a multitranchise financing facility.

**b. Goal and purpose of TA:**

The proposed technical assistance (TA) is to assist in the preparation and processing of the above project, particularly with regard to financial and economic analyses of the project. The TA would also assist NHAH with the procurement process.

**c. Components and outputs of TA:**

The TA would be carried out in two phases. The first-phase activities include the following:

- (i) update the cash flow analysis for the NHDP programs (a cash flow analysis was conducted in 2005 for the entire NHDP program under ADB-financed ADTA for developing high density corridors, but the cash flow model used for the above analysis needs to be updated with the use of more recent data on construction costs and also, if available, traffic projections);
- (ii) update the earlier analysis of the NHDP III program so as to estimate the project costs, including the amount of the grants required for each of the corridors for NHDP III;
- (iii) conduct financial analyses for sample subprojects to estimate financial internal rates of return (FIRRs) for “with and without grants” scenario, together with estimates of the amount of grants (this exercise will also require conducting supplementary traffic counts on key locations of these corridors);
- (iv) review the current practices of NHAH for the procurement of BOT works and assess the capacity of NHAH to effectively carry out the procurement (standard bidding documents for the BOT concession prepared under the earlier ADTA would be further reviewed and refined); and
- (v) analyze accounting treatments of highways and tolls.

Since the updating of the earlier analyses undertaken under the ADTA for developing high-density corridors (TA 4271-IND) are key tasks, it is proposed that the consultant be engaged on a sole source basis.

Phase II activities (which would be carried out by an individual consultant) would include the following:

- (i) conduct economic assessment for subprojects and also for the project as a whole, including the estimate of EIRRs and net present value;
- (ii) finalize the structure of sample subprojects, including the refinement of financial analysis and packaging of these subprojects; and
- (iii) assess NHAH's capacity to serve debts for NHDP III and develop financial arrangements for ensuring the timely payback of debts to multilaterals.

<p><b>d. Rationale and purpose of ADF grant financing:</b> not applicable</p> <p><b>e. Expected results and deliverables:</b> TA report will be prepared.</p> <p><b>f. Social or environmental issues or concerns:</b> There would be environmental and social impact. Frameworks for environmental assessment, resettlement, and indigenous people development would be prepared, as a part of the project processing, so as to ensure that the safeguard requirements are to be effectively implemented.</p> <p><b>g. Plans for disseminating results/deliverables:</b> The TA report portions of which disclosure was agreed with the Government would be made available upon request.</p> <p><b>For TA, method(s) of TA output dissemination:</b></p> <p><input type="checkbox"/> A conference/workshop/brown bag</p> <p><input type="checkbox"/> Publication of article(s) in external journals or books</p> <p><input type="checkbox"/> External press release to news agencies, including www.adb.org</p> <p><input type="checkbox"/> Internal press release in <i>ADB Today</i></p> <p><input type="checkbox"/> Others (specify) Findings would be included in the RRP for the project</p>
<p><b>7. Proposed executing/implementing agency or agencies:</b> NHAI</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b></p> <p>NHDP III corridors have been identified by the Government. Individual project designs would be carried out by NHAI with ADB to conduct due diligence. For land acquisition, resettlement, and environmental assessment, NHAI would conduct a series of consultations with project affected people. The overall financing scheme has been and will be discussed with financing and construction industries.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005</p> <p>b. Expected date of submission for approval</p> <p style="padding-left: 20px;">Lending: November 2006</p> <p style="padding-left: 20px;">Nonlending (project preparatory): August 2006</p> <p style="padding-left: 20px;">Nonlending (other than project preparatory): August 2004</p> <p>c. Period and duration of assistance</p> <p style="padding-left: 20px;">Lending: 2007–2013</p> <p style="padding-left: 20px;">Nonlending: 2005–2006</p>
<p><b>10. Financing Plan</b></p> <p>a. For lending</p> <p><input checked="" type="checkbox"/> Ordinary capital resources: \$400 million</p> <p><input type="checkbox"/> Asian Development Fund (loan): \$0</p> <p><input type="checkbox"/> Asian Development Fund (grant): \$0</p> <p><input type="checkbox"/> Other:</p> <p>b. For nonlending</p> <p><input type="checkbox"/> No resources required, other than ADB staff</p> <p><input type="checkbox"/> ADB's administrative budget: \$</p> <p><input checked="" type="checkbox"/> Grant TA funds: \$400,000 (DFID Trust Fund)</p> <p><input type="checkbox"/> Other:</p>

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Capacity Development for the Rural Roads Sector  
Concept Paper**

**Date:** 8 March 2006

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> ADF grant-financed</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input checked="" type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport and communications Subsector: Roads and highways</p> <p>b. Targeting classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Targeted intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> General intervention</p> <p>c. Key thematic area(s)</p> <p>Themes:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><input checked="" type="checkbox"/> Sustainable economic growth</td> <td style="width: 50%;"><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Capacity development</td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Capacity development
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<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Capacity development							
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Transport and Communications Division, South Asia Department</p>								
<p><b>5. Responsible ADB officer(s):</b> H. Iwasaki</p>								

<p><b>6. Description of assistance(s)</b></p> <p>a. <b>Background/linkage to country/regional strategy:</b> The theme of ADB's country strategy and program for India (CSP)<sup>a</sup> is mainstreaming poverty reduction. In line with the Government's priorities for the 10th Five-Year</p>
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<sup>a</sup> ABD. 2003. *Country Strategy and Program (CSP) 2003–2006*. Manila.

Plan 2002–2007, this is to be addressed primarily by supporting economic growth, including both high growth and equitable pro-poor growth. The CSP points to an emerging consensus over the importance of infrastructure in poverty reduction, both because it has an indirect impact on growth, leading to increased incomes and employment, and because it makes a direct contribution to incomes and employment and to reducing human poverty by improving access to social services. In the CSP connections linking poor rural families to social services and markets are the organizing theme for the transport sector. In line with these thrusts, ADB has been providing assistance to the national rural roads program called Pradhan Mantri Gram Sadak Yojana (PMGSY, meaning “Prime Minister’s rural roads program”). The first ADB project, the Rural Roads Sector I Project (RRSI), was approved in November 2003 for \$400 million and about 5,000 km rural roads are being constructed and/or upgraded. The Rural Roads Sector II Investment Program (RRSII), which was approved in December 2005, will continue ADB’s support to the sector. The Program will be financed under multiple loans to be provided under the newly introduced multitranche financing facility (MFF). The proposed TA is to provide additional support to the executing agencies to help monitor the implementation of social, environmental, and fiduciary requirements under the MFF and provide feedback to improve the policy application and procedural requirements under the two ADB-financed project and program respectively.

**b. Goal and purpose:** The proposed TA is to provide additional support in the areas of participatory project preparation and implementation and fiduciary control to the executing agencies of RRSII, which was approved in December 2005 as the first multitranche financing facility (MFF) to India. The TA’s scope will also include support in these areas to the ongoing RRSI.

**c. Components and outputs:** The TA will help monitor and provide support for (i) implementation of the community participation process, which is an integral part of the PMGSY project cycle; and (ii) procurement and financial management. The output of the TA will be used to further improve and fine-tune policy application and procedural requirements in the project preparation and implementation process of RRSI and RRSII, and the Government’s rural roads program (PMGSY), part of which the two project/program finance.

**d. Expected results and deliverables:** The expected results will be (i) smooth and uninterrupted implementation of the ADB-financed project/program; and (ii) borrower’s continued adherence to the provisions of the framework financing agreement (FFA) in the case of RRSII, and executing agencies’ compliance with the provisions of the loan/project agreements of RRSI and RRSII.

**e. Social or environmental issues or concerns:** The TA’s main purpose is to check compliance of the executing agencies with the agreed social and environmental safeguard frameworks. No adverse impact is foreseen.

**f. Plans for disseminating results/deliverables:**

**For TA, method(s) of TA output dissemination:**

- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in *ADB Today*
- Others (specify) \_\_\_\_\_

**7. Proposed executing/implementing agency or agencies:**

Ministry of Rural Development/National Rural Roads Development Agency

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

The TA has been discussed with the Ministry of Rural Development, and the Department of Economic Affairs, the Ministry of Finance.

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004

b. Expected date of submission for approval  
 Lending: Not applicable  
 Nonlending (project preparatory): Not applicable  
 Nonlending (other than project preparatory): April 2006

c. Period and duration of assistance  
 Lending: not applicable

Nonlending: 2006–2009											
<p><b>10. Financing Plan</b></p> <p>a. For lending</p> <p><input type="checkbox"/> Ordinary capital resources: \$</p> <p><input type="checkbox"/> Asian Development Fund (loan): \$</p> <p><input type="checkbox"/> Asian Development Fund (grant): \$</p> <p><input type="checkbox"/> Other: \$</p> <p>b. For nonlending</p> <p><input type="checkbox"/> No resources required, other than ADB staff</p> <p><input type="checkbox"/> ADB's administrative budget: \$</p> <p><input checked="" type="checkbox"/> Grant TA funds: \$200,000 (DFID Trust Fund)</p> <p><input type="checkbox"/> Other</p> <p>If cofinancing is required, indicate amount and sources sought: \$____, from _____.</p> <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="border-top: 1px solid black; border-bottom: 1px solid black; padding: 2px 10px;">Source</th> <th style="border-top: 1px solid black; border-bottom: 1px solid black; padding: 2px 10px;">Amount (\$)</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px 10px;">ADB Financing</td> <td style="padding: 2px 10px;">tbd</td> </tr> <tr> <td style="padding: 2px 10px;">Government Financing</td> <td style="padding: 2px 10px;">tbd</td> </tr> <tr> <td style="padding: 2px 10px;">Other Financing</td> <td style="padding: 2px 10px;">tbd</td> </tr> <tr> <td style="border-top: 1px solid black; border-bottom: 1px solid black; padding: 2px 10px;"><b>Total Cost</b></td> <td style="border-top: 1px solid black; border-bottom: 1px solid black; padding: 2px 10px;"></td> </tr> </tbody> </table> <p style="margin-left: 40px;">Source: ADB estimates</p>		Source	Amount (\$)	ADB Financing	tbd	Government Financing	tbd	Other Financing	tbd	<b>Total Cost</b>	
Source	Amount (\$)										
ADB Financing	tbd										
Government Financing	tbd										
Other Financing	tbd										
<b>Total Cost</b>											

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**National Hydroelectric Power Corporation Capacity development  
Concept Paper**

**Date:** 8 August 2005

<p><b>1. Type/modality of assistance</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Lending           <ul style="list-style-type: none"> <li><input type="checkbox"/> Project loan</li> <li><input type="checkbox"/> Program loan</li> <li><input type="checkbox"/> Sector loan</li> <li><input type="checkbox"/> Sector development program loan</li> <li><input type="checkbox"/> Other:</li> </ul> </li> <li><input checked="" type="checkbox"/> Non-lending           <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Project preparatory</li> <li><input type="checkbox"/> Other than project preparatory               <ul style="list-style-type: none"> <li><input type="checkbox"/> Economic, thematic, and sector work</li> <li><input type="checkbox"/> Institutional development</li> <li><input type="checkbox"/> Other:</li> </ul> </li> </ul> </li> </ul>		
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Hydropower generation</p> <p>b. For project preparatory and lending, classification</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Core poverty intervention</li> <li><input type="checkbox"/> Poverty intervention</li> </ul> <p>c. Key thematic area(s) Themes:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Sustainable economic growth</li> <li><input type="checkbox"/> Gender and development</li> <li><input type="checkbox"/> Environmental sustainability</li> <li><input type="checkbox"/> Regional cooperation</li> </ul> </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li><input type="checkbox"/> Inclusive social development</li> <li><input type="checkbox"/> Governance</li> <li><input type="checkbox"/> Private sector development</li> <li><input checked="" type="checkbox"/> Capacity development</li> </ul> </td> </tr> </table> <p>Subtheme: Institutional development</p>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Sustainable economic growth</li> <li><input type="checkbox"/> Gender and development</li> <li><input type="checkbox"/> Environmental sustainability</li> <li><input type="checkbox"/> Regional cooperation</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Inclusive social development</li> <li><input type="checkbox"/> Governance</li> <li><input type="checkbox"/> Private sector development</li> <li><input checked="" type="checkbox"/> Capacity development</li> </ul>
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<p><b>3. Coverage</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</li> <li><input type="checkbox"/> Internal policy development</li> </ul>		
<p><b>4. Responsible division/department:</b> Energy Division/South Asia Department (SAEN)</p>		
<p><b>5. Responsible ADB officer:</b> P. Abeygunawardena, Dan Millison</p>		
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The Government of India and National Hydroelectric Power Corporation (NHPC) have requested assistance for project preparation and capacity development in the executing and implementing agencies. NHPC has a well-defined investment program totaling well over \$1 billion over the next 5 years. ADB technical assistance will also cover project readiness, specifically to support advance procurement action to facilitate a prompt start to the project during the first year of implementation. NHPC could have used traditional project loans for specific hydropower plants, or could possibly use a multitranche financing facility to fund a broader investment program.</p> <p><b>b. Impacts and Outcomes:</b> The impact of the TA and ensuing investments will be ongoing support for the national hydropower development program, covering a specific time period (5–8 years). The outcome of the TA</p>		

will be to prepare an investment proposal, including physical and institutional requirements, in sufficient detail. NHPC has a well-defined investment program and will assume lead responsibility for preparing investment proposals for support by ADB. The impact of the TA will be to (i) define hydropower projects suitable for external investment, (ii) accelerate project readiness, and (iii) improve project management and implementation capacities of the executing and implementing agencies.

**c. Outputs and Activities:** The key outputs will be a draft investment proposal including frameworks for environmental and social safeguards analysis and implementation, fiduciary oversight, procurement and project implementation, and selection criteria for subprojects. The major activity will be an assessment of the proposed investment program, including the type of financing, financial and economic feasibility, environmental and social safeguards, and capacity development requirements (including human resource needs for proposed investments, and broader needs for ongoing sector reforms and restructuring).

Additional outputs are advance procurement support, initial safeguard implementation, project management, long-term human resource development, and information technology upgrades. Activities include (i) preparation of prequalification and bid documents, bid evaluation reports, assistance with contract awards; (ii) withdrawal applications and disbursements; (iii) establishment of project management systems (accounting, cost control, etc.); (iv) preparation of human resource development plans; and (v) specification, procurement, and installation of information technology upgrades for project management office (PMO) and project implementation units (PIUs).

**d. Social or environmental issues or concerns:** The TA will have no direct environmental or social impacts. The ensuing investments are expected to be environment category A. Resettlement category A or B is expected. Indigenous peoples category B or C is expected.

**e. Plans for disseminating results/deliverables:** TA deliverables and/or reports will be incorporated into regular progress reports submitted to NHPC and ADB. Results will also be made available to the Ministry of Power, and other government agencies.

**f. Plans for disseminating results/deliverables:**

**For TA, method(s) of TA output dissemination:**

- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in *ADB Today*
- Others (specify) ADB and other websites

**7. Proposed executing/implementing agencies:** The Executing Agency (EA) for the TA (and related loan project) will be the NHPC. Prospective hydropower units can be the Implementing Agencies for the related loan project. They will be beneficiaries of the TA.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
Government of India, NHPC and the prospective hydropower units.

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP Update, SCSP, SCSP Update, or interregional work plan: 2005

b. Expected date of submission for approval

Lending:

Nonlending (project preparatory):

Nonlending (other than project preparatory): 2006

c. Period and duration of assistance

Lending:

Nonlending: 2006

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

## a. For lending

- Ordinary capital resources: \$400 million
- Asian Development Fund: \$
- Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

## b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds: : \$500,000 (DFID Trust Fund)
- Other

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, MW = megawatt, PIU = project implementation unit, PMO = project management office; TA = technical assistance, NHPC = National Hydroelectric Power Corporation.

**Madhya Pradesh Transmission Strengthening  
Concept Paper**

Date: 31 January 2006

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Transmission and distribution</p> <p>b. Targeting classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Targeted intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> General intervention</p> <p>c. Key thematic area(s)</p> <p>Themes:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><input checked="" type="checkbox"/> Sustainable economic growth</td> <td style="width: 50%;"><input checked="" type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Capacity development</td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Capacity development
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<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Energy Division, South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> P. Abeygunawardena, Dan Millison</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> ADB's power sector program for India focuses on reforms to make the sector financially viable, operationally efficient, and conducive to private sector investments. Sector restructuring and creation of regulatory bodies at the state level are the main elements of this strategy. Madhya Pradesh has initiated extensive reforms since the approval of the Madhya Pradesh Electricity Reform Act of 2000. The former state electricity board (MPSEB) was partially unbundled into five utilities: a generating company, a transmission company, and three distribution companies. The former MPSEB was incorporated as a holding company for the five successor utilities. ADB has provided substantial support in the form of investment loans (\$200 million) and program loans (\$150 million). Review missions have concluded that these loans are being successfully implemented.</p>								

Analyses by ADB in 2004 concluded that further reforms were required to achieve sector sustainability, and that the estimated costs of near-term fiscal adjustments would exceed \$1.2 billion. Key issues identified included: (i) finalizing state power sector financial restructuring plan (FRP), (ii) aligning the FRP with the medium-term fiscal framework, (iii) ensuring full autonomy of the unbundled state-owned utilities (including private sector participation), (iv) improving all aspects of legal and regulatory compliance to ensure adequate revenue recovery, and (v) enhancing awareness and communication among all stakeholders. The overall objective of reforms is to provide affordable, universal electricity service by the year 2012. While there has been substantial progress in sector reforms, an independent agency rated Madhya Pradesh 19 out of 29 states in terms of overall sector performance. Madhya Pradesh was commended for improving performance in the generating subsector, and developing a functional regulatory process. There is a low level of household electrification (only 43%) and high aggregate technical and commercial losses (around 46%) were identified as weaknesses.

Based on ADB analyses and an independent rating, there is an obvious need for continued reform and external policy, technical, and fiscal support for the next few years. Madhya Pradesh will require an additional transmission investment of about \$300 million, covering 2007 through 2010, which could be funded by a sector loan. A broader investment program covering a longer time frame might be suitable for multitranche financing facility.

**b. Impacts and Outcomes:** The impact of the TA and ensuing investments will be ongoing support for Madhya Pradesh power sector development, with concentration on near-term transmission investments. The outcome of the TA will be to prepare an investment proposal, including physical and institutional requirements, in sufficient detail to obtain the approval of ADB's Board of Directors. Madhya Pradesh government agencies have assumed lead responsibility for preparing investment proposals for support by ADB. A PMO has been established under the earlier approved loans.

**c. Outputs and Activities:** The key output will be a draft investment proposal including (i) frameworks for environmental and social safeguards analysis and implementation, (ii) fiduciary oversight, (iii) procurement and project implementation, and (iv) selection criteria for subprojects. The major activity will be an assessment of the proposed investment program, including (i) the means of financing, (ii) financial and economic feasibility, (iii) environmental and social safeguards, and (iv) capacity development requirements (including human resource needs for proposed investments, and broader needs for ongoing sector reforms and restructuring). TA support for project readiness is expected to be minimal, given the current PMO capacity. TA findings may be disseminated via ADB and other websites.

**d. Social or environmental issues or concerns:** The TA will have no direct environmental or social impacts. Long-term environmental and social consequences of any ensuing loan project will be significantly positive.

**e. Plans for disseminating results/deliverables:** Results will be disseminated through the final report of the TA. State and local level workshops will be arranged as necessary for general stakeholder consultation, safeguards compliance, and to discuss major findings.

**f. Plans for disseminating results/deliverables:**

**For TA, method(s) of TA output dissemination:**

- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including [www.adb.org](http://www.adb.org)
- Internal press release in *ADB Today*
- Others (specify) ADB and other websites

**7. Proposed executing/implementing agency or agencies:** The Madhya Pradesh State Electricity Board and Madhya Pradesh State Transmission Company will be executing and implementing agencies. Other state-level power sector related agencies may serve as implementing agencies, depending on scope of investments.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

The Government and the other stakeholders will be consulted extensively all in preparation, implementation, and results-dissemination stages.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005
- b. Expected date of submission for approval
  - Lending: March 2007
  - Nonlending (project preparatory): January 2006
  - Nonlending (other than project preparatory): not applicable
- c. Period and duration of assistance
  - Lending:
  - Nonlending: April 2006 to March 2007

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources:
  - Asian Development Fund:
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$) million
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	

Source: ADB estimates

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget:
  - Grant TA funds \$500,000 (DFID Trust Fund)
  - Others:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.  
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	tbd
Government Financing	tbd
Other Financing	tbd
<b>Total Cost</b>	

Source: ADB estimates .

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance, TASF = Technical Assistance Special Fund.

**Private Participation in the Energy Sector  
Concept Paper**

**Date:** January 2006

<p><b>1. Type/modality of assistance</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Lending           <ul style="list-style-type: none"> <li><input type="checkbox"/> Project loan</li> <li><input type="checkbox"/> Program loan</li> <li><input type="checkbox"/> Sector loan</li> <li><input type="checkbox"/> Sector development program loan</li> <li><input type="checkbox"/> ADF grant-financed</li> <li><input type="checkbox"/> Other:</li> </ul> </li> <li><input checked="" type="checkbox"/> Nonlending           <ul style="list-style-type: none"> <li><input type="checkbox"/> Project preparatory</li> <li><input checked="" type="checkbox"/> Other than project preparatory               <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Economic, thematic, and sector work</li> <li><input checked="" type="checkbox"/> Institutional development</li> <li><input type="checkbox"/> Other:</li> </ul> </li> </ul> </li> </ul>		
<p><b>2. Assistance focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Energy sector development</p> <p>b. For project preparatory and lending, classification</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Targeted intervention</li> <li><input checked="" type="checkbox"/> General intervention</li> </ul> <p>c. Key thematic area(s)</p> <p>Themes:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Sustainable economic growth</li> <li><input checked="" type="checkbox"/> Inclusive social development</li> <li><input type="checkbox"/> Governance</li> <li><input type="checkbox"/> Gender and development</li> </ul> </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li><input type="checkbox"/> Environmental sustainability</li> <li><input type="checkbox"/> Regional cooperation</li> <li><input checked="" type="checkbox"/> Private sector development</li> <li><input checked="" type="checkbox"/> Capacity development</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Sustainable economic growth</li> <li><input checked="" type="checkbox"/> Inclusive social development</li> <li><input type="checkbox"/> Governance</li> <li><input type="checkbox"/> Gender and development</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Environmental sustainability</li> <li><input type="checkbox"/> Regional cooperation</li> <li><input checked="" type="checkbox"/> Private sector development</li> <li><input checked="" type="checkbox"/> Capacity development</li> </ul>
<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Sustainable economic growth</li> <li><input checked="" type="checkbox"/> Inclusive social development</li> <li><input type="checkbox"/> Governance</li> <li><input type="checkbox"/> Gender and development</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Environmental sustainability</li> <li><input type="checkbox"/> Regional cooperation</li> <li><input checked="" type="checkbox"/> Private sector development</li> <li><input checked="" type="checkbox"/> Capacity development</li> </ul>	
<p><b>3. Coverage</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</li> <li><input type="checkbox"/> Internal policy development</li> </ul>		
<p><b>4. Responsible division/department:</b> Energy Division/South Asia Department</p>		
<p><b>5. Responsible ADB officer:</b> Naoki Sakai</p>		
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> As country strategy and program update 2005 states, increasing private participation in infrastructure is essential to sustain the pace of India's economic growth. The Electricity Act, 2003, has opened the way for competition in (i) power transmission and distribution, (ii) power trading and market development, and (iii) new providers of power supply in rural areas. For generation, there is potential for further enhancing public-private partnership (PPP). ADB needs to realize significant development potential through private sector participation using its knowledge and products.</p>		

**b. Goal and purpose:** This TA aims at accelerating private sector participation through (i) assistance for technology and knowledge-sharing with worldwide private power sector enterprises ; (ii) provision of innovative investment products to state-owned enterprises (SOEs) to meet various investment needs in a flexible, long-term, competitive manner; (iii) facilitating structured financing projects by domestic and foreign investors as well as ADB; and (iv) transforming into bankable projects the initiatives for energy efficiency enhancement, renewable energy development, and environment protection using innovative tools, e.g., the Clean Development Mechanism of the Kyoto Protocol (CDM).

**c. Components and outputs:** The TA will have following components: (i) dissemination of best practices for private sector participation in power sector development through domestic conferences and external visits, (ii) identification of bankable projects for private sector participation in the power sector, (iii) development of investment proposals and pilot schemes for SOEs, and (iv) financial advisory services for structuring power projects on a non-recourse basis.

**d. Expected results and deliverables:** With this component TA, the Indian power sector can access worldwide best practices and latest technology in the fields of energy efficiency, renewable energy, environment protection, and improving management capacity and operational productivity through a benchmarking exercise with worldwide electric power industries. ADB will also catalyze structured financing projects through dialogues with potential foreign investors to break down the barriers to investment development of risk-sharing scheme with private sectors, e.g., outsourcing, operation and maintenance (O&M) contracts, joint-ventures between SOEs and investors, lease, and build, operate and own (BOO).

**e. Social or environmental issues or concerns:** not applicable

**f. Plans for disseminating results/deliverables:** workshops and seminars; publications.

**For TA, method(s) of TA output dissemination:**

- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in *ADB Today*
- Others (specify) \_\_\_\_\_

**7. Proposed executing/implementing agency or agencies** To be determined

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
To be identified

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan:

Separate Government endorsement

b. Expected date of submission for approval

Lending: not applicable

Nonlending (project preparatory): 2006

Nonlending (other than project preparatory): not applicable

c. Period and duration of assistance

Lending: not applicable

Nonlending: 2006–2007

**10. Financing Plan**

a. For lending

- Ordinary capital resources: \$ 100 million
- Asian Development Fund (loan): \$
- Asian Development Fund (grant): \$

Other: \$

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

b. For nonlending

- No resources required, other than ADB staff  
 ADB's administrative budget: \$  
 Grant TA funds 1,000,000 (DFID Trust Fund)  
 Other

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

Source	Amount (\$)
ADB Financing	tbd
Government Financing	tbd
Other Financing	tbd
<b>Total Cost</b>	

Source: ADB estimates.

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.



services; and (iv) 68% of transport sector employment.

Rajasthan is the largest state in India by area and, according to India's 2001 census, has a population of approximately 56.47 million. ADB is currently financing the \$360 million Rajasthan Urban Development Project (RUIDP)<sup>a</sup> that will improve living conditions in the six largest cities in the state through the provision of high priority and essential urban infrastructure and municipal services. RUIDP is in an advanced stage of implementation, with residents of the six cities already beginning to receive benefits from improved services.

However, as the urban population continues to grow rapidly, accompanied by a large influx of tourists and pilgrims every year, the government of Rajasthan has realized there is an urgent need to improve the urban infrastructure and services in other urban areas of the state, and augment works in the six cities covered by RUIDP. As a result, GOR has recently requested ADB to support phase II of RUIDP in order to include urban infrastructure development in all the district headquarters of the state, towns having large population and towns of religious and tourism importance. The phase II project (the project) will build on the experience of RUIDP and support the needs for urgent improvements in these important and rapidly growing towns, as well as cover new works in the six cities covered by RUIDP,

**b. Impacts and Outcomes:** The technical assistance (the TA) and the ensuing project will improve the living conditions and urban environment, and optimize social and economic development in urban Rajasthan. This will be achieved through investments in urban infrastructure in water supply, urban environmental improvements, urban transport, and public health services. The project will also include policy reforms to strengthen urban governance, management, and support for priority investments in urban infrastructure and services. The assistance will be based on a state level framework for urban sector reforms and a demand-based mechanism, which will support reform-oriented urban local bodies (ULBs) to seek assistance for implementing urban infrastructure projects and institutional and governance reforms.

**c. Outputs and Activities:** The investment component of the project will focus on rehabilitation and expansion of water supply, improvement of urban environmental quality through (i) better sanitation, (ii) improvement of urban transport, and (iii) community awareness and livelihood generation programs. Similarly, the capacity development and policy component of the project will support the ULBs in preparing comprehensive town development plans and modernizing municipal management and service delivery. A sector loan will be considered for the project. This will (i) provide a planned approach by placing the project in a wider sector development context with a long-term sector investment plan and agenda for urban policy, institutional, and financial reforms; (ii) ensure flexibility in undertaking an investment program in multiple ULBs, addressing the ULBs' real demands and capacity; and (iii) have the potential to promote a performance-oriented approach in the ULB selection. The TA will develop procedures for participation of ULBs in the project as well as criteria for subproject selection and/or appraisal.

The component TA will go beyond the standard work associated with preparing a project for ADB funding as it will also (i) strengthen project management and institutional capabilities of the participating ULBs; (ii) improve overall readiness of participating ULBs for project implementation; and (iii) conduct detailed design work required to begin disbursements and physical works for the parts of the project that will enable physical works to commence as soon as financing is approved in order to avoid delays and unnecessary commitment charges.

Outputs of the TA will include the following:

- (i) A review of the feasibility studies prepared by the state,
- (ii) additional due diligence to ensure safeguards required by ADB's policies are in place,
- (iii) identification of key project personnel and creation of project management and project implementation unit,
- (iv) training for the executing and implementing agencies to familiarize them with ADB policies and procedures,
- (v) identification of components for fast-track detailed engineering work,
- (vi) detailed design work of select components,
- (vii) preparation of standard bidding documents for civil works and equipment supplies, and
- (viii) completion of consultants' selection and prequalification of contractors

**d. Rationale and purpose of ADF grant financing :** not applicable

<sup>a</sup> ADB. 1998. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to India for the Rajasthan Urban Infrastructure Development Project*. Manila (Loan 1647-IND, for \$250 million, approved on 3 December 1998, agreement signed on 1 December 1999 and became effective from 18 January 2000).

**e. Expected results and deliverables:** The TA will supplement project preparation being carried out by the state and further develop the project design, including (i) the urban reform program, (ii) methodology for preparing the comprehensive town development plans, (iii) a sample of such plans, (iv) key institutional and performance parameters, and (v) related project implementation mechanisms. The TA will also enhance the project preparedness by improving the capacity and project implementation skills of the state and the participating ULBs and kick-start the project by completing detailed designs of select components in order to begin disbursements and physical works for the parts of the project that will enable physical works to commence as soon as financing is approved.

**f. Social or environmental issues or concerns:** To be determined during TA implementation. Under a sector loan, implementation of safeguard policies will be demonstrated through sample subprojects during project formulation.

**g. Plans for disseminating results/deliverables:** National and state level workshops; project level awareness and participation programs.

**For TA, method(s) of TA output dissemination:**

- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in *ADB Today*
- Others (specify) \_\_\_\_\_

**7. Proposed executing agency:** Urban Development Department (UDD) of Government of Rajasthan

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
 A project management unit (PMU) is already functioning in the UDD to administer RUIDP. The PMU and the line departments in the state have already had preliminary consultations with ULBs in the district headquarters of each district, towns having population of 75,000 or more, public representatives and other citizens' representative bodies in the urban areas, in order to conceptualize infrastructure development requirements and conduct needs assessment. This process will be continued.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005
- b. Expected date of submission for approval : 2006  
 Lending: 2007  
 Nonlending (project preparatory): 2006  
 Nonlending (other than project preparatory): {date}
- c. Period and duration of assistance: 5 years  
 Lending: 2007–2012  
 Nonlending: May 2006–May 2007

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$200 million
  - Asian Development Fund (loan): \$
  - Asian Development Fund (grant): \$
  - Other: \$

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

Source	Amount (\$)
ADB Financing	

	Government Financing
	Other Financing
	<b>Total Cost</b>
	Source:
b. For nonlending	
<input type="checkbox"/>	No resources required, other than ADB staff
<input type="checkbox"/>	ADB's administrative budget: \$
<input checked="" type="checkbox"/>	Grant TA funds : \$ 1,200,000 (DFID Trust Fund)
<input type="checkbox"/>	Other

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Uttaranchal Urban Development Project  
Concept Paper**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> ADF grant-financed</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Water supply, sanitation, and waste management Subsector: Integrated</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Targeted intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> General intervention</p> <p>c. Key thematic area(s)</p> <p>Themes:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><input checked="" type="checkbox"/> Sustainable economic growth</td> <td style="width: 50%;"><input checked="" type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input checked="" type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Capacity development</td> </tr> </table> <p>Subtheme(s):</p>	<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability	<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Capacity development
<input checked="" type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability							
<input checked="" type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Capacity development							
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Social Sectors Division/South Asia Department</p>								
<p><b>5. Responsible ADB officer(s):</b> tbd</p>								
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> ADB and the Government of India are both concerned to decrease growing regional disparities as part of their efforts to reduce poverty. ADB is committed to extending its operations to the less-developed states in India, and identified Uttaranchal as a priority area in its recent country strategy and program.</p> <p>The state government of Uttaranchal has acknowledged the significance of the urban and tourism sector for sustained economic growth and the achievement of the Millennium Development Goals. About 2.1 million people in Uttaranchal live in 63 designated urban areas, and urban growth is rapid at about 33% per decade, much higher than the state population growth rate of 19%. Many urban areas are major tourism destinations or gateways to other tourist spots, and experience significant seasonal population increases. These urban areas are also centers of agro-industry, trade, and commerce. However, the potential role that urban areas can play in the state's development is significantly constrained by deficiencies in basic urban infrastructure and services and</p>								

poor environmental conditions. The situation is aggravated by inadequate urban institutional and financial frameworks and capacities. Urban local bodies (ULBs) and the state utility agencies responsible for the provision of basic infrastructure and services cannot need to strengthen their technical, managerial, and financial capacities. The government of Uttaranchal plans to improve the living standards, productivity, and sustainability of all cities and towns while securing the cultural and environmental heritage. The government of Uttaranchal's strategy is to invest in basic urban infrastructure and services and it is committed to stronger powers for ULBs combined with capacity strengthening measures.

The government of Uttaranchal has set up a tourism development board. New and ambitious master plans for developing tourist destinations are being developed to maximize private sector investment in tourism infrastructure. Several areas of Uttaranchal are already established centers of pilgrimage tourism. However, tourism development must not only cater to expansion but also to the effective management of current levels of tourism activity. Investments in airports, sewerage services, solid waste management, and human resource development are needed, as well as investments in pro-poor and community-based tourism to allow local communities to participate in decision-making and to share in the benefits of tourism growth. At the policy and institutional level, partnerships between the public and private sectors need to be urgently addressed.

The government of Uttaranchal has recently funded a feasibility study for an urban development project and has asked ADB to help finance the ensuing project. As a result, ADB approved project preparatory technical assistance (PPTA) in July 2005<sup>a</sup> to review the feasibility study and to conduct due diligence to ensure that safeguards required by ADB's policies are in place.

**b. Goal and purpose:** The TA and the ensuing project will improve the urban environment and quality of life of Uttaranchal's urban residents, including the poor, and thus enhance the productivity of the state's urban areas. Its objectives are to (i) improve urban infrastructure and services, and (ii) support the government of Uttaranchal's decentralization policies. The project will improve water supply, sanitation, drainage, solid waste management, tourism-related infrastructure, and roads on the basis of the demands and needs of the urban population in each participating ULB. The project will also introduce policy and institutional reforms to strengthen the governance, administrative, managerial, and financial capacity of the ULBs.

The TA will supplement the earlier PPTA and help to strengthen the project management and institutional capabilities of the selected ULBs, improve the overall readiness for project implementation of the ULBs and the government of Uttaranchal, and conduct the detailed design work required to begin disbursements. Physical works can therefore begin as soon as financing is approved in order to avoid delays and unnecessary commitment charges.

**c. Components and outputs:** The TA will improve the preparedness of the government of Uttaranchal and the participating ULBs to (i) implement the project, (ii) kick-start associated governance and policy reforms, (iii) strengthen institutional capacities, and (iv) accelerate project implementation by conducting detailed design of select components.

Outputs of the TA will include the following: (i) identification of key project personnel and creation of project management and project implementation unit, (ii) training for the executing and implementing agencies to familiarize them with ADB policies and procedures, (iii) identification of components for fast-track detailed engineering work, (iv) detailed design work of select components, (v) preparation of standard bidding documents for civil works and equipment supplies, and (vi) completion of consultants' selection and prequalification of contractors

**d. Rationale and purpose of ADF grant financing : Not applicable**

**e. Expected results and deliverables:** The TA will (i) supplement the project preparation being carried out by the government of Uttaranchal, (ii) start implementation of the agreed urban governance and institutional reforms, and (iii) ensure overall readiness for project implementation by strengthening capacities of participating ULBs, by measures such as establishment of the project management unit (PMU) and project implementation units (PIUs) and completing detailed design of select components.

**e. Social or environmental issues or concerns:** To be identified during implementation of the TA.

**f. Plans for disseminating results/deliverables:** Stakeholder workshops will be held during implementation

<sup>a</sup> ADB. 2005. *Technical Assistance to India for Preparing the Uttaranchal Urban Development Project*. Manila. (TA 4411-IND, approved on 14 July).

of the TA.

**For TA, method(s) of TA output dissemination:**

- A conference/workshop/brown bag  
 Publication of article(s) in external journals or books  
 External press release to news agencies, including www.adb.org  
 Internal press release in *ADB Today*  
 Others (specify) \_\_\_\_\_

**7. Proposed executing/implementing agency or agencies:** The relevant Department of the government of Uttaranchal will be the executing agency. Details will be determined during the TA formulation.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

Various stakeholders at the local level will be consulted and involved in the project design process. These include relevant departments of the government of Uttaranchal, elected and appointed members of municipal councils, civil society, and non-government organizations (NGOs) and/or community-based organizations (CBOs).

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005
- b. Expected date of submission for approval  
 Lending: 2007  
 Nonlending (project preparatory):  
 Nonlending (other than project preparatory): Not applicable
- c. Period and duration of assistance  
 Lending: 2008–2012  
 Nonlending:

**10. Financing Plan**

- a. For lending  
 Ordinary capital resources: \$150 million  
 Asian Development Fund (loan): \$  
 Asian Development Fund (grant): \$  
 Other: \$

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

Source	Amount (\$)
ADB Financing	tbd
Government Financing	tbd
Other Financing	tbd
<b>Total Cost</b>	

Source:

- b. For nonlending  
 No resources required, other than ADB staff  
 ADB's administrative budget:  
 Grant TA funds \$1,500,000 (DFID Trust Fund)  
 Other

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.



is assured that disbursements will begin upon effectiveness.

In order to expedite project implementation and respond to MoF's concerns, in some recently approved projects<sup>a</sup> ADB has provided "bridging" or transitional technical assistance. Typically, such TA supports the EA in engaging consultants, preparing bidding documents, and providing training for ADB procedures. While this reduces the time before implementation, there are two important constraints: (i) preparing detailed engineering designs, specifications and tenders for 3-4 subprojects requires about 300 person-months of consulting inputs, which exceeds the budget limits of such TAs; and (ii) EAs are usually not adequately staffed in the initial stages of the project and critical decisions are delayed.

Recognizing the need to substantially improve loan preparedness and disbursement performance, the country program and strategy update (CSPU) for 2006-2008 includes a TA cluster and grant TA facility to front-load project preparation by funding detailed engineering and project design of sample subprojects, before loan negotiations.

Project preparatory technical assistance (TA 4515-IND) is currently underway for the proposed Jammu and Kashmir Urban Development Project (JKUDP), which is scheduled for Board approval by December 2006. The JKUDP is being prepared as a "sector" project following the ongoing Multisector Project for Infrastructure Rehabilitation (Loan 2151-IND). A number of subprojects have already been identified through the PPTA. These include subprojects for water supply, sewerage, solid waste management and urban transport improvements. Taken together, these subprojects are estimated to cost about \$60 million, representing about 20% of the total project cost.

The Economic Reconstruction Agency of Jammu and Kashmir (ERA), the executing agency for the project and the PPTA, is adequately staffed and has gained experience in implementation but will need additional support to achieve sufficient preparedness to implement the JKUDP. It is estimated that consultant inputs of 300 person-months, estimated to cost about \$700,000, would be required until November 2007, the anticipated date of loan effectiveness. The consultants would develop detailed designs and bidding documents for the sample subprojects identified and appraised through the PPTA. An advisory TA (ADTA) for strengthening urban project management in Jammu and Kashmir was included in the CSPU for 2004 and is scheduled for approval in September 2006. This ADTA for \$400,000 will help support some preparatory activities and capacity development of the EA but will not be enough to support detailed engineering tasks. Taking into account potential support from the ADTA, a need for an additional \$500,000 is estimated. To be most effective, it is proposed that detailed engineering consultants be engaged by 1 May 2006 so that they can work with the PPTA consultants and become completely familiar with engineering, environmental and social issues.

**b. Goal and purpose:**

The technical assistance through the TA cluster assistance TA will enable the EA to prepare and award works amounting to about 20% of the total project cost upon loan effectiveness, thereby meeting DEA's requirements for preparedness.

**c. Components and outputs:**

Components under the TA will include detailed engineering surveys, soil investigations, hydrological assessments, detailed engineering designs, build, own and operate (BOQ)s and cost estimates and preparation of bidding documents for specific packages.

The principal outputs of the TA will be (i) bid documents for specific packages completed, and (ii) bids invited and evaluated.

**d. Rationale and purpose of ADF grant financing:** Not Applicable

**e. Expected results and deliverables:** (i) Successful completion of award of works amounting to 20% of the loan amount within 1 month of loan effectiveness (ii) demonstration of up-front design supplementing a PPTA as a way to achieve good disbursement performance.

<sup>a</sup> ADB. 2003. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to India for the Urban Water Supply and Environmental Improvement in Madhya Pradesh Project*. Manila (Loan 2046-IND); and ADB. 2005. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to India for the Kerala Sustainable Urban Development Project*. Manila (Loan 2226-IND).

**h. Social or environmental issues or concerns:** Social and environmental issues related to the subprojects will be comprehensively assessed during loan formulation, Mitigation measures will be identified before the loan is circulated to ADB's Board of Directors for approval. Consultants will have to incorporate all environmental and social mitigation measures in the detailed designs.

**i. Plans for disseminating results/deliverables:** National and state-level workshops. Awareness and participation programs.

**For TA, method(s) of TA output dissemination:**

- A conference/works hop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in *ADB Today*
- Others (specify) \_\_\_Publication of Invitation to Bid in ADBBO, newspaper

**7. Proposed executing agency:** Economic Reconstruction Agency, Jammu and Kashmir

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
The Executing Agency for the ongoing loan and the PPTA is fully staffed and functional. and involved in design and conceptualization

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2004
- b. Expected date of submission for approval : May 2006  
Lending: 2006  
  
Nonlending (other than project preparatory): {date}
- c. Period and duration of assistance 1 year and 8 months  
  
Nonlending: May 2006– December 2007

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$300 million
  - Asian Development Fund (loan): \$
  - Asian Development Fund (grant): \$
  - Other: \$500,000 for engineering designs and preparation of bidding documents
- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds : \$ 500,000 (DFID Trust Fund)
  - Other

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

## Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

### Concept Paper

Date: 25 January 2006

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Project loan</li> <li><input type="checkbox"/> Program loan</li> <li><input type="checkbox"/> Sector loan</li> <li><input type="checkbox"/> Sector development program loan</li> <li><input type="checkbox"/> ADF grant-financed</li> <li><input type="checkbox"/> Other:</li> </ul> <p><input checked="" type="checkbox"/> Nonlending</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Project preparatory</li> <li><input type="checkbox"/> Other than project preparatory <ul style="list-style-type: none"> <li><input type="checkbox"/> Economic, thematic, and sector work</li> <li><input type="checkbox"/> Institutional development</li> <li><input type="checkbox"/> Other: TA financed regional activities (RETA)</li> </ul> </li> </ul>		
<p><b>2. Assistance focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector(s): Water supply, sanitation, and waste management Subsector: Integrated</p> <p>b. Targeting classification</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Targeted intervention</li> <li><input type="checkbox"/> General intervention</li> </ul> <p>c. Key thematic area(s)</p> <p>Themes:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Sustainable economic growth</li> <li><input type="checkbox"/> Inclusive social development</li> <li><input type="checkbox"/> Governance</li> <li><input type="checkbox"/> Gender and development</li> </ul> </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li><input type="checkbox"/> Environmental sustainability</li> <li><input type="checkbox"/> Regional cooperation</li> <li><input checked="" type="checkbox"/> Private sector development</li> <li><input type="checkbox"/> Capacity development</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Sustainable economic growth</li> <li><input type="checkbox"/> Inclusive social development</li> <li><input type="checkbox"/> Governance</li> <li><input type="checkbox"/> Gender and development</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Environmental sustainability</li> <li><input type="checkbox"/> Regional cooperation</li> <li><input checked="" type="checkbox"/> Private sector development</li> <li><input type="checkbox"/> Capacity development</li> </ul>
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<p><b>3. Coverage:</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p><b>4. Responsible division/department:</b> Social Sectors Division/South Asia Department</p>		
<p><b>5. Responsible ADB officer(s):</b> Nayana Mawilmada</p>		
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b></p> <p>According to India's 2001 population census, more than 285 million people (27.8% of the total population) live in urban areas. Given current trends in population growth and migration, India's urban population is estimated to reach 575 million by 2030. The urban sector's contribution to India's net domestic product is estimated to be between 50% and 52%. About 65% of employment in trade, commerce, and financial services; 65% of manufacturing employment; and 68% of transport sector employment are concentrated in urban areas. Despite the significance of India's urban sector, however, India's cities are overshadowed by (i) widespread poverty, (ii) inadequate urban infrastructure, and (iii) environmental degradation. Poor urban development and management</p>		

is not only undermining India's ability to deliver quality of life to its citizens, it is also constraining potential local and national economic growth. The need for a strong focus and greater investment in urban development is clear.

In recognition of the critical importance of, and need for, rapid urban development, India's Prime Minister launched the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) on 3 December 2005.<sup>a</sup> JNNURM is a "reforms driven, fast track, planned development of identified cities with focus on efficiency in urban infrastructure/services delivery mechanism, community participation and accountability of Urban Local Bodies/Parastatals towards citizens."<sup>b</sup> The duration of JNNURM is to be for 7 years, beginning from 2005–2006, and it includes an outlay of approximately \$11 billion<sup>c</sup> from the Government of India. Sixty-three cities are designated to be eligible for investments through JNNURM. Each city will enter into a memorandum of agreement (MOA) with the Government and its parent state, committing to a range of mandatory and optional reforms related to urban governance. Cities will need to (i) develop city development plans (CDPs), considering each city's unique needs in an integrated and participatory manner, and (ii) prioritize investments that need to be made during the JNNURM period and beyond. Based on the prioritization in the CDPs, detailed project reports (DPRs) will need to be prepared by the cities for the investments seeking JNNURM funding.

The major sectors eligible for funding under the JNNURM include water supply, sanitation, drainage, solid waste management, and urban transportation. Funding for the physical improvements of these sectors will be based on an appraisal of the DPRs. The JNNURM will finance, on a grant basis, between 35% and 90% of the costs associated with the urban infrastructure investments, depending on the classification of the city.<sup>d</sup> The remaining funding gap is large.

ADB's country strategy supports the focus by the Government to develop its major urban centers for economic growth and poverty reduction. JNNURM represents a significant opportunity for both ADB and the Government. The Ministry of Urban Development (MUD) has expressed interest in exploring possible ways for ADB to be involved.

**b. Goal and purpose:**

The goal of the technical assistance (TA) is to improve the urban environment in India's major cities by assisting in successful implementation of JNNURM-related investments. The TA will provide assistance to select cities in preparing DPRs for investments in urban infrastructure that are eligible for funding by JNNURM, ADB, and other partner agencies as required. By doing this, the TA aims to (i) accelerate the impact of JNNURM, (ii) serve as a catalyst to attract private capital to finance urban infrastructure, and (iii) help position ADB as a potential lender for future projects to be partly financed by JNNURM. The TA will also support the implementation of governance and policy reforms associated with JNNURM.

**c. Components and outputs:**

The TA will be used to develop DPRs for investments in urban infrastructure in up to five cities. The TA will (i) develop feasibility studies for the investment components, in the form of a DPR, and package them for investments by JNNURM, ADB, and potentially the private sector; (ii) strengthen institutional capacities and project implementation skills of the select cities; and (iii) carry out detailed design work for the selected components of the investment projects or DPRs in order to accelerate implementation and disbursements. Potential sectors to be considered would include water supply, sewerage, solid waste management, storm drainage, and other urban services. Selection of potential cities for inclusion will be demand-driven and based on the commitment and ability of the cities to implement the JNNURM-related policy reforms criteria.

The TA will go beyond the standard work associated with preparing a project for ADB funding as it will also (i) strengthen project management and the institutional capabilities of the select cities, (ii) improve overall readiness of the participating cities for project implementation, and (iii) conduct the detailed design work required to accelerate project implementation and begin disbursements and physical works so these works can commence as soon as financing is approved.

The outputs of the TA will include (i) an investment project for the selected cities suitable for financing by JNNURM and ADB, and potentially the private sector; (ii) DPRs containing detailed feasibility studies and related due diligence, including preliminary engineering design, institutional assessments, economic and financial

<sup>a</sup> Cabinet approved the JNNURM on 17 November 2005.

<sup>b</sup> Government of India. 2005. JNNURM Mission Statement. *Guidelines for JNNURM*. New Delhi.

<sup>c</sup> An equal amount would be contributed by the states as well. The total outlay is for Rs100,000 crores.

<sup>d</sup> 35% for cities with 4 million population and over, 50% for cities between 1 and 4 million population, 90% for cities in northeastern states and Jammu and Kashmir, and 80% for select cities other than those included above.

analyses, social assessments, etc; and (iii) governance and policy reforms program for the selected cities consistent with the JNNURM criteria. The TA will (i) also strengthen project management and institutional capabilities of the select cities, and improve overall readiness for project implementation; and (ii) include detailed design work required to begin disbursements from the JNNURM, ADB, and other potential partner agencies.

**d. Rationale and purpose of ADF grant :** not applicable

**e. Expected results and deliverables:**

The TA is expected to produce fully developed and implementation-ready projects suitable for financing by ADB and JNNURM. Furthermore, capacity development and detailed design work on the preliminary stages of the project will ensure an improved overall readiness of the select cities to (i) kick-start project implementation and associated reforms, and (ii) ensure that physical works and disbursements can begin as soon as financing is in place.

**f. Social or environmental issues or concerns:** TBD depending on specific projects.

**g. Plans for disseminating results/deliverables:** TBD

**For TA, method(s) of TA output dissemination:**

- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in *ADB Today*
- Others (specify) \_\_\_\_\_

**7. Proposed executing/implementing agency or agencies:**

State governments concerned (to be determined in consultation with the Government)

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

The Government has requested ADB support in implementing JNNURM. A separate Advisory TA is being processed to support MUD and to help monitor and manage all central activities related to JNNURM. The Government has also requested support in preparing detailed project reports for high priority investments which are to be financed partly through JNNURM.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory): December 2005
- c. Period and duration of assistance
  - Lending: not applicable
  - Nonlending: 9 months

**10. Financing**

- a. For lending
  - Ordinary capital resources: \$ 300 million
  - Asian Development Fund (loan): \$
  - Asian Development Fund (grant): \$
  - Other:
- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds \$500,000 (DFID Trust Fund)
  - Other:

If cofinancing is required, indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	tbd
Government Financing	tbd
Other Financing	tbd
<b>Total Cost</b>	

Source: ADB estimates .

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance, TBD = to be determined.



financial sector reform, and the passing of the 74th Constitutional Amendment Act in 1992, which laid out the basis for decentralization in the sector, have brought about some improvements, but it is evident that there remain large inefficiencies in service delivery, inadequate investments to expand service coverage, and lack of maintenance.

This situation is evident throughout Karnataka State, but is more pronounced in the urban local bodies (ULBs) in north Karnataka. Water supply in the vast majority of ULBs in north Karnataka is intermittent and availability ranges from once every 3 days to once a week. Only a few ULBs receive piped water supply for 1–2 hours each day and the quality is poor. Service coverage is limited and, on average, houses with water supply connections equate to only 67% of those registered for property tax. Where sewerage systems have been constructed, coverage is also limited and, as a general rule, serves only the older, or more affluent, sections of the ULBs. Only a few sewage treatment plants exist and these do not function well, if at all. Storm water drainage facilities are inadequate, poorly maintained and are frequently misused for solid waste disposal. Solid waste management is grossly inadequate and only a few ULBs are served by organized collection services and sanitary disposal facilities. Roads are generally unpaved and junctions inefficient. There are slums in most ULBs in north Karnataka and these are served by only the most basic water supply and sanitation services.

To address these issues, India has requested ADB to extend finance for the sector through the North Karnataka Urban Sector Investment Program (NKUSIP), currently being processed within ADB. The investment program will assist the government of Karnataka in rehabilitating existing and constructing new urban infrastructure facilities in the ULBs of north Karnataka. The investment program will assist the Government in meeting its urban sector investment plan and providing water supply systems, sewerage systems, drainage, solid waste collection and disposal facilities, and urban road resurfacing and junction improvements. The poorest members of society will benefit from a poverty reduction component. Fire-fighting capacity improvements are also included. The investment program will introduce private sector participation in selected subsectors, and support the ongoing institutional reforms and training for the ULB staff currently being conducted under the Nirmala Nagar Programme (NNP) by government of Karnataka.

**b. Impacts and Outcome:** The impact of the technical assistance (TA) and the ensuing investment program will be increased economic growth in poor districts of north Karnataka and reduced imbalances between north Karnataka and the rest of the state through (i) efficient and equitable provision of basic urban infrastructure, and (ii) provision of services in an environmentally sound and operationally sustainable manner. The investment program will: (i) improve urban services, at least for the 4.3 million people living in the 25 ULBs identified by the investment program; (ii) improve and sustain infrastructure services within these ULBs, which will in turn benefit agriculture, industry, and tourism sectors; and (iii) private sector participation implemented in selected subsectors with the aim of bringing in a proper incentive framework for efficient and equitable service provision as well as linking the private sector financial liquidity and the large investment requirements in the India's urban sector.

**c. Outputs and Activities:** The TA will supplement the project preparatory works already undertaken by the government of Karnataka by preparing surveys, studies, and contractual frameworks for the works to be carried out under NKUSIP; it will strengthen the project management and institutional capabilities of the participating ULBs; and improve overall readiness of the government of Karnataka and the participating ULBs for project implementation.

The outputs of the TA will include the following.

- (i) **Component 1.** Preparation of a model “request for proposals”, including draft contract documents, for performance-based deferred payment structure (PBDS). This is the preferred procurement method of the government of Karnataka for selected components under NKUSIP. Performance-based management contracts (PBMCs) will be drawn up and associated preparatory works to introduce private sector participation will be carried out in cooperation with private sector participation specialists and legal specialists (who will be recruited separately).
- (ii) **Component 2.** Preparation of a business plan and operating procedures for Karnataka Urban Infrastructure Development Finance Corporation KUIDFC, preparation of implementation assistance guidebook and/or operations manual for selected ULBs, modifications carried out to standard bidding documents and prequalification documents.
- (iii) **Component 3.** Analysis and recommendations made on appropriate water supply and sewerage tariffs for the ULBs that will be implementing water supply and sewerage subprojects under the investment

program. The recommendations will follow a review of studies conducted under the World Bank-assisted Karnataka Urban Water Sector Improvement Project<sup>a</sup> and financial analysis of the ULBs concerned.

**d. Rationale and purpose of ADF grant financing : not applicable**

**e. Expected results and deliverables:** The TA will supplement project preparation being carried out by the government of Karnataka and develop and/or prepare contractual frameworks, supplementary surveys, and studies for NKUSIP. The TA will explore and prepare the government of Karnataka and the ULBs for alternative procurement modalities, such as PBDPS and PBMC, to be adopted in order to increase the level of private sector participation in the subsectors. The PBDPS modality requires private contractors to partially bridge-finance the construction and subsequent operation and maintenance (O&M) costs of the subprojects in exchange for annuity-like payments over a 10-year period. These payments will consist of base fees that will be determined through bidding and bonuses that will be determined according to predetermined performance indicators. The TA will also prepare tariff recommendations to be adopted by the ULBs in order to achieve cost recovery in the water supply and sanitation sector. It will prepare the ULBs and KUIDFC, the investment program Executing Agency, for speedy implementation of the investment program.

**f. Social or environmental issues or concerns:** During the investment program appraisal, the government of Karnataka's compliance with ADB's safeguard policies has been demonstrated through sample subprojects.

**j. Plans for disseminating results/deliverables:** National and state level workshops; project level awareness and participation programs.

**For TA, method(s) of TA output dissemination:**

- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in *ADB Today*
- Others (specify) \_\_\_\_\_

**7. Proposed executing agency: Karnataka Urban Infrastructure Development & Finance Corporation (KUIDFC)**

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** KUIDFC, the Executing Agency for the TA, and also the Implementing Agency of the Investment Program, has been closely involved in preparing the TA. The government of Karnataka and all other stakeholders will be consulted extensively in the preparation, implementation, and results-dissemination stages of the TA as well as the NKUSIP. The government of Karnataka has already established an "empowered committee" for implementation of NKUSIP, chaired by the additional chief secretary for externally aided projects.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005
- b. Expected date of submission for approval : 2006
  - Lending: 2006
  - Nonlending (project preparatory): 2006
  - Nonlending (other than project preparatory): {date}
- c. Period and duration of assistance 12 years
  - Lending: 2006–2018
  - Nonlending: May 2006–May 2007

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$270 million
  - Asian Development Fund (loan): \$
  - Asian Development Fund (grant): \$
  - Other: \$
- b. For nonlending

<sup>a</sup> World Bank. 2004. *The Karnataka Urban Water Sector Improvement Project*. Washington, DC.

<input type="checkbox"/>	No resources required, other than ADB staff
<input type="checkbox"/>	ADB's administrative budget: \$
<input checked="" type="checkbox"/>	Grant TA funds \$300,000 (DFID Trust Fund)
<input type="checkbox"/>	Other:

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Orissa Integrated Irrigated Agriculture and Water Management Project  
Concept Paper**

Date: 23 January 2006

<b>1.</b>	<b>Type/modality of assistance</b>								
	<input checked="" type="checkbox"/> Lending <input checked="" type="checkbox"/> Project loan <input type="checkbox"/> Program loan <input type="checkbox"/> Sector loan <input type="checkbox"/> Sector development program loan <input type="checkbox"/> Other  <input checked="" type="checkbox"/> Nonlending <input checked="" type="checkbox"/> Project preparatory <input type="checkbox"/> Other than project preparatory <input type="checkbox"/> Economic, thematic, and sector work <input type="checkbox"/> Institutional development <input type="checkbox"/> Other:								
<b>2.</b>	<b>Assistance Focus</b>								
	<p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and natural resources Subsector: Water resource management</p> <p>b. For project preparatory and lending, classification  <input checked="" type="checkbox"/> Targeted Intervention  <input type="checkbox"/> General intervention</p> <p>c. Key thematic areas Themes:</p> <table style="width: 100%; border: none;"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Capacity development</td> </tr> </table> <p style="text-align: center;">Subthemes: Developing rural areas, public governance, and institutional development</p>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Capacity development
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<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Capacity development								
<b>3.</b>	<b>Coverage</b>								
	<input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional <input type="checkbox"/> Internal policy development								
<b>4.</b>	<b>Responsible division/department:</b> Agriculture, Environment, and Natural Resources Division/South Asia Department								
<b>5.</b>	<b>Responsible ADB officer(s):</b> K. Yokoyama								
<b>6.</b>	<b>Description of assistance(s)</b>								
	<p><b>a. Background/linkage to country/regional strategy:</b>          India's water resources sector has received much greater attention as a result of prolonged droughts in 2000–2003, and the high priority given to rural development under the National Common Minimum Programme. Irrigation is essential for agriculture and represents 84% of total water use. Irrigation use is rising to meet growing food demands, couples with rapidly declining per capita water availability, and increasing water stress with competing water use in many river basins. The subsector is facing fundamental challenges, including (i) an enormous portfolio of new irrigation schemes (funding gap of Rs1 trillion to create additional 14 million ha of irrigation potential) mostly suffering from large cost and time overruns; (ii) significant underutilization of irrigation (up to 20 million ha unutilized against the created potential of 100 million ha) due to poor operation and maintenance (O&amp;M); and (iii) weak management capacities of state irrigation departments, with insufficient quality of services and farmer participation. The Government is promoting state-level reforms following its national water policy (2002), including (i) participatory irrigation management (PIM) with water user associations (WUAs), (ii) irrigation department institutional reforms, and (iii) promotion of integrated water resources management (IWRM).</p>								

Orissa remains one of the poorest states in India, with over 40% of its population poor. Accelerating agriculture growth, in particular for the majority of smallholders, is essential for increasing rural incomes and reducing poverty. Agriculture has a high share of state income (30%) and employment (65%), so the development of irrigated agriculture is critical. The state has made improving existing irrigation schemes a priority. Such schemes suffer from underutilization (over 30% of the created irrigation potential is not utilized because of lack of field channels, chronic system deterioration, insufficient O&M) low productivity, low farmer participation, and weak extension and marketing linkages. The state has progressively improved policy and institutional frameworks since the late 1990s, by (i) preparing a draft state water policy adopting the principles of PIM and IWRM, (ii) establishing a WUA legal framework with irrigation tariff reforms to support full O&M funding, and (iii) strengthening the Department of Water Resources (DOWR). However, the reform process remains at an initial stage, with the institutional capacities of WUAs and DOWR needing substantial strengthening, and many irrigation schemes requiring rehabilitation before WUAs can take on O&M. Well-sequenced interventions are needed for WUA strengthening, facility renovation, and agriculture and other support services for productive and sustainable O&M, with further advancement of PIM and INRM frameworks.

Against this background, the Orissa Integrated Irrigated Agriculture and Water Management Project will improve rural incomes in the selected river basins in Orissa through participatory improvement of existing irrigation schemes (including traditional tanks and minor lift) and strengthening of institutions and the policy and legal framework. A separate project preparatory TA (PPTA) is being processed to prepare the project package, including a small number of fully appraised sample subproject proposals, and programs for institutional strengthening. Building on the PPTA, the TA is required to enhance the implementation readiness of the project while providing critical institutional strengthening, thereby advancing the project implementation and capacity strengthening in line with the state's priorities.

**b. Goal and purpose:** The goal of the TA and the Project is higher rural incomes and less poverty in the selected river basins in Orissa, through productive and sustainable irrigated agriculture development and management and associated institutional strengthening. The specific purpose of the TA includes (i) enhancing the readiness of project implementation with fully appraised subproject proposals, trained WUAs, and detailed designs, (ii) supporting the capacity building at institutions and improving the policy and institutional framework for PIM and IWRM.

**c. Components and Outputs:** The ensuing Project (to be prepared through the PPTA) will be a sector loan that identifies, plans, and implements subprojects and tentatively comprises (i) participatory subproject planning and WUA establishment, (ii) irrigation and associated infrastructure, (iii) agriculture and other support services to enhance the livelihoods of the poor, (iv) support for sustainable O&M, and (v) project management and institutional strengthening. To enhance the project implementation readiness and associated institutional capacities, the provisional components and outputs of the TA will include the following.

(i) A project implementation package (for at least the first year of implementation period), through support to the state for (a) preparing comprehensive subproject proposals with feasibility studies; (b) preparing and implementing safeguard measures (such as environmental mitigation, resettlement, and indigenous peoples as necessary); (c) WUA establishment and strengthening through social mobilization and training; (d) undertaking participatory detailed designs and procurement processes; and (e) selecting and engaging consultants for the project consultancy packages.

(ii) Institutional strengthening for project initiation, and implementation of sustainable irrigation service delivery mechanisms with PIM in particular and IWRM as appropriate, through (a) supporting key project personnel for the detailed implementation guidelines (to be defined under the PPTA) through on-the-job training; (b) establishing an effective management information system (MIS) for project implementation and overall irrigation scheme performance; (c) enhancing a policy and institutional framework to operate PIM and IWRM, including the refinement of state water policy, plan, institutional setup, and legal framework of WUAs; and (d) supporting the implementation of DOWR's institutional development activities such as strategy formulation and improvements in resources and management infrastructure. Specific activities will be detailed under the TA.

**d. Rationale and purpose of ADF grant financing:** Not applicable.

**e. Expected results and deliverables:** The TA will supplement the PPTA, and assist the state in developing a comprehensive and project package that can be readily implemented and includes (i) institutional reforms for PIM and IWRM together with guidelines for identifying, planning, and implementing subprojects; (ii) a number of fully appraised proposals with establishment of WUAs; and (iii) programs for capacity strengthening and project management. The TA will specifically enhance project preparedness by supporting the critical startup activities required between ADB's project appraisal and full-fledged implementation of the project by the Government, including the strengthening of project institutions, and the enabling framework.

**f. Social or environmental issues or concerns:** The project will have overall positive social and

environmental benefits, through improved water resources management. However, given possible conflicting interests among different stakeholders and the fragile land and natural resource base, careful analyses and stakeholder consultations will be undertaken during the PPTA, TA, and the project to avoid social conflicts and negative environmental impacts.

**g. Plans for disseminating results/deliverables:** The project will serve as a model to (i) establish and operate effective institutional mechanisms for PIM to develop or improve irrigation systems while setting up self-sustaining WUA management arrangements, (ii) promoting policy and institutional reforms so IWRM can be operated on the basis of river basins, including participatory water resources planning, allocation, and coordination, and (iii) promoting an improved legal and regulatory environment to support these agendas. The TA is expected to serve as a model for expedited project implementation and associated institutional development to meet the priority and urgency of addressing the sector issues by the state.

**7. Proposed executing/implementing agency and implementation arrangements:** The Department of Water Resources (DOWR) of Orissa will be the Executing Agency of the TA, and will appoint a TA director at the level of chief engineer. The groups formed under the PPTA will support the activities, including (i) a project preparatory working group (PPWG) including specialists in irrigation, drainage and flood control, hydrology, PIM, water resources planning and MIS nominated by DOWR, and experts in agriculture, horticulture, fisheries, watershed, soil conservation and forestry nominated by the departments concerned; (ii) an interdepartmental TA steering committee chaired by the secretary of DOWR; and (iii) an advisory group of renowned sector specialists, to implement and guide the TA activities. DOWR will provide the draft detailed project reports (DPRs) as a basis of preparing subproject proposals.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

The project and subprojects will be designed in full consultation with the beneficiaries and all categories of stakeholders, including central, state, and local governments, and NGOs.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory): March 2006
  - Nonlending (other than project preparatory):
- c. Period and duration of assistance
  - Lending:
  - Nonlending: 12 months

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources
  - Asian Development Fund
  - Others
- b. For nonlending (PPTA)
  - No resources required, other than ADB staff
  - ADB's administrative budget
  - Grant TA funds \$2,500,000 (DFID Trust Fund)
  - Other

Source	Amount (\$)
ADB Financing	tbd
Government Financing	tbd
Other Financing	tbd
<b>Total Cost</b>	

Source: ADB estimates.

ADB = Asian Development Bank, CSP = country strategy and program, TA = technical assistance.

**Capacity Development for Commodity Futures Market  
Concept Paper**

**Date:** 26 April 2006

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> ADF grant-financed</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Finance Subsector: Finance sector development</p> <p>b. Targeting classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Targeted intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> General intervention</p> <p>c. Key thematic area(s)</p> <p>Themes:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><input type="checkbox"/> Sustainable economic growth</td> <td style="width: 50%;"><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input checked="" type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Capacity development</td> </tr> </table> <p>Subthemes: Fostering physical infrastructure development, civil society participation</p>	<input type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Capacity development
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<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Governance, Finance and Trade Division/South Asia Department</p>								
<p><b>5. Responsible ADB officer(s):</b> Ashok Sharma, Director, SAGF</p>								
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> For rural growth and poverty reduction, it is important that small rural producers receive fair prices and that they are paid on time. However, production and price volatility because of dependence on the monsoon and weak price discovery affects farm profitability and raises the risk of default for rural finance institutions. Commodity futures markets (CFMs) can reduce price volatility but they are segmented by commodity and region. In addition, the spot and forward markets in commodities are not integrated. Addressing these concerns will require effective market regulation and strengthening of the entire</p>								

downstream system if small rural producers are to participate in commodity futures markets, this supplementing the Government's emphasis on agriculture growth and creating infrastructure that will directly benefit small farmers.

**b. Goal and purpose:** The objective of the TA is to help the Government to expeditiously address the institutional development and capacity building needs for strengthening the CFMs. The purpose of the TA is to facilitate an integrated development of CFMs that small producers can participate in. The focus is on key sector institutions and entities, information dissemination, and price discovery for promoting an enabling environment for development of CFMs.

Price discovery, price hedging, and increased access to bank lending are the key benefits from small farmers' involvement in the CFMs. Access to spot and future prices would enable farmers to take informed decisions on their cropping patterns, and the timing of their decisions to sell and price negotiations while selling their produce. Further, while farmers' participation in the CFMs, by forward selling of produce, would protect them from any downside price movements, the introduction of certainty in their sale proceeds is expected to increase their access to pre- and post- production financing, at a lower cost, from various lending organizations

**c. Components and outputs:** The TA will have the following components and outputs. Some of these will be undertaken in cooperation with other funding agencies, especially United States Agency for International Development.

(i) **Strengthening of Forwards Markets Commission (FMC).** Detailing and installing an overall regulatory framework based on international best practice and strengthening the institutional capability of FMC for effective regulation of CFMs in India.

(ii) **Warehouse Regulatory and Development Authority (WRDA).** Develop the overall framework and institutional design for the proposed Warehouse Regulatory and Development Authority, develop accreditation criteria for grading warehouses/commodities, and institutionalize the system of warehousing receipts (as negotiable instruments).

(iii) **Pilot project on training and dissemination.** Create awareness among various stakeholders, e.g., the banking industry, intermediaries, cooperatives and farmers about commodity futures, warehousing facilities, and warehouse receipt (WHR) mechanisms and the likely availability of finance against collateral of warehousing receipt.

(iv) **Pilot project on price discovery.** Design and install cost-effective mechanisms for price discovery and dissemination at marketing centers.

(v) **Strategy development.** Review the overall sector framework, including the role of small and regional commodity futures exchanges, with the aim of enhancing small producer participation.

**d. Expected results and deliverables:** Capacity building and pilot projects will establish the framework for enhancing access to CFMs by small farmers. This will enable the Government to expedite the establishment of infrastructure to mainstream CFMs across rural India.

**e. Social or environmental issues or concerns:** Timely and adequate access to commodity markets will enable rural households to realize better prices for their produce and improve their quality of life.

**f. Plans for disseminating results/deliverables:**

**For TA, method(s) of TA output dissemination:**

- A conference/workshop/brown bag
- Publication of article(s) in external journals or books
- External press release to news agencies, including www.adb.org
- Internal press release in *ADB Today*
- Others (specify) \_\_\_\_\_

**7. Proposed executing/implementing agency or agencies:** Ministry of Consumer Affairs (MCA) will be the Executing Agency for the TA. A high-level steering committee headed by secretary, MCA will be established to oversee implementation. The steering committee will include FMC, WRDA and other sector institutions. During implementation, inputs from development partners, private sector representatives, and other stakeholders will be sought.

<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b></p> <p>The assistance was conceptualized in consultation with stakeholders. The scope of the assistance was discussed with MCA.</p>										
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan:</p> <p>b. Expected date of submission for approval  Lending: not applicable  Nonlending (project preparatory): 2006  Nonlending (other than project preparatory):</p> <p>c. Period and duration of assistance  Lending: not applicable  Nonlending: 2006–2007</p>										
<p><b>10. Financing Plan</b></p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$200 million  <input type="checkbox"/> Asian Development Fund (loan): \$  <input type="checkbox"/> Asian Development Fund (grant): \$  <input type="checkbox"/> Other: \$</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input checked="" type="checkbox"/> Grant TA funds \$1,000,000 (DFID Trust Fund)  <input type="checkbox"/> Other:</p> <p>If cofinancing is required, indicate amount and sources sought: \$_____, from _____.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>ADB Financing</td> <td>tbd</td> </tr> <tr> <td>Government Financing</td> <td>tbd</td> </tr> <tr> <td>Other Financing</td> <td>tbd</td> </tr> <tr> <td><b>Total Cost</b></td> <td></td> </tr> </tbody> </table> <p>Source: ADB estimates .</p>	Source	Amount (\$)	ADB Financing	tbd	Government Financing	tbd	Other Financing	tbd	<b>Total Cost</b>	
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ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.

## OUTLINE OF CONSULTING SERVICES REQUIREMENTS

1. Recruitment of consultants will be in accordance with the Asian Development Bank's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of consultants. Each of the 15 technical assistance (TA) projects and/or subprojects will require a team of international and domestic consultants to be engaged separately. This will be reflected after initial fact finding and/or preparation of the TA paper or implementation plan for the TA project and/or subproject. In the meantime, based on estimates aggregated from the TA projects, it is assumed that consulting inputs will be 350 person-months of international consultants and 1,550 person-months of domestic consulting services.

2. Full technical proposals will be required for consulting services with contract budgets over \$1 million, simplified technical proposals for contract budgets over \$500,000 but less than or equal to \$1 million, and biodata technical proposals for contract budgets of \$500,000 and less.

3. Typically, international and domestic consultants in the following key areas of expertise will be required (details will be in the TA papers and implementation plans):

- (i) civil engineer(s);
- (ii) highway engineer(s);
- (iii) material engineer(s);
- (iv) geotechnical engineer(s);
- (v) pavement engineer(s);
- (vi) structure/bridge engineer(s);
- (vii) transport economist(s);
- (viii) contract management specialist(s);
- (ix) social development specialist(s);
- (x) resettlement specialist(s);
- (xi) environment specialist(s);
- (xii) capacity development or governance specialist(s)/financial specialist/PPP advisor(s);
- (xiii) private sector specialist(s);
- (xiv) energy sector specialist(s);
- (xv) urban management specialist(s);
- (xvi) institutional development specialist(s);
- (xvii) capacity development or governance specialist(s);
- (xviii) project management specialist(s);
- (xix) sanitation engineer(s);
- (xx) procurement specialist(s);
- (xxi) financial management specialist(s);
- (xxii) economist(s);
- (xxiii) accounting specialist(s);
- (xxiv) urban sector specialists, such as water supply specialist(s), roads specialist(s), solid waste specialist(s), sanitation specialist(s);
- (xxv) water utility specialist(s);
- (xxvi) urban planner(s);
- (xxvii) public administration specialist(s);
- (xxviii) training and communications specialist(s);
- (xxix) irrigation/water resources management specialist(s);
- (xxx) institutional specialists/governance specialist(s);

- (xxxi) participatory irrigation management/ water users association (PIM/WUA) specialist(s);
- (xxxii) agriculture specialist(s);
- (xxxiii) fishery development specialist(s);
- (xxxiv) agriculture economist(s);
- (xxxv) sociologist(s); and
- (xxxvi) resettlement specialist(s).