



# Technical Assistance Report

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Project Number: 36959  
March 2006

## Proposed Technical Assistance India: Knowledge Management and Capacity Building (Financed by the Government of the United Kingdom)

Asian Development Bank

## CURRENCY EQUIVALENTS

(As of 15 March 2006)

Currency Unit	–	Indian rupee/s (Re/Rs)
Re1.00	=	\$0.022
\$1.00	=	Rs44.49

## ABBREVIATIONS

ADB	–	Asian Development Bank
CSP	–	Country Strategy and Program 2003–2006
EA	–	executing agency
INRM	–	India Resident Mission
NGO	–	nongovernment organization
SARD	–	South Asia Regional Department
TA	–	technical assistance
TOR	–	terms of reference

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Targeting Classification</b>	–	Targeted intervention
<b>Sector</b>	–	Multisector
<b>Subsectors</b>	–	Transport, energy, urban,
<b>Themes</b>	–	Sustainable economic growth, governance, capacity development

## NOTE

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

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<b>Director General</b>	K. Senga, South Asia Regional Department (SARD)
<b>Director</b>	T. Kondo, Country Director, India Resident Mission, SARD
<b>Team leader</b>	P. Dayal, Senior Economist, 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 its India program through creation and integration of focused knowledge products into its operational program and enhanced capacity building. In specific, the Government requested ADB support and assistance for (i) studies and analytical work on various aspects relevant to ADB operations in India; (ii) dissemination of knowledge created; (iii) enhanced effectiveness of portfolio management through frequent exchange of project implementation experiences; (iv) dissemination of best practices; and (v) capacity enhancement of executing agencies (EAs), among others. ADB recognized the importance of these activities to enhance the effectiveness and efficiency of operations in India. It held extensive consultations<sup>1</sup> with the Government and reached agreement on the impact, outcome, outputs, implementation arrangements, and cost and financing arrangements of the proposed technical assistance (TA).<sup>2</sup> The design and monitoring framework is in Appendix 1.

## II. ISSUES

2. Sustainable growth through infrastructure development is a key instrument for poverty reduction. The Country Strategy and Program 2003–2006 (CSP) for India<sup>3</sup> emphasized infrastructure-led growth and poverty reduction. It cited findings from country poverty analyses that, for every 1.0% growth, absolute poverty levels declined by 0.7%. Based on this, ADB's portfolio in India sought to reduce poverty through physical and social infrastructure, including urban sector interventions. It was expanded to include pro-poor sectors such as rural roads, rural finance, and irrigation and water resource development. There has also been increased focus on relatively poorer states, or those with weaker institutional and financial capacities, such as Assam, Chattisgarh, Jammu and Kashmir, Orissa, West Bengal, and the northeast. With such strategic changes in the country program, a strong need was felt to analyze developmental issues — and their linkages and impacts — to ensure enhanced overall and sector efficiencies. The proposed TA will enhance the effectiveness and efficiency of the ongoing program, and identify gaps and opportunities for further ADB involvement.

3. Capacity building is necessary for operational effectiveness. This TA proposes to address the strongly felt needs of the Government and ensure client responsiveness by supporting capacity enhancement in newer sectors and states of operation, and those with weaker capacities. The Government has emphasized transfer of national and regional best practices, and dissemination of information on these practices, to improve the design of projects in different states and sectors of intervention. There is high potential for cross learning from effectively implemented projects in India and the region as a whole. Likewise, there is much scope for knowledge enhancement and capacity building through information dissemination at workshops, conferences, meetings, training programs, and retreats.

4. The proposed TA will enhance the effectiveness of ADB operations in India by supporting needs-based consultancy and small projects in areas of social development and poverty reduction relevant to the operational program. *Integrating Poverty Reduction in Programs and Projects*, financed by the Government of the United Kingdom,<sup>4</sup> addressed similar

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<sup>1</sup> Fact-finding was completed in December 2005

<sup>2</sup> The TA first appeared in *ADB Business Opportunities* on 19 December 2005.

<sup>3</sup> Asian Development Bank. 2003. *Country Strategy and Program, India, 2003-2006*. Manila.

<sup>4</sup> ADB.2002. *Technical Assistance to India for Integrating Poverty Reduction in Programs and Projects*. Manila. (TA 3880—IND, for \$640,000, approved in June).

concerns and offers lessons in designing and implementing generic TAs of the nature described. An independent consultant evaluated the components of this TA in the context of overall evaluation of trust fund arrangements with the Government of the United Kingdom.<sup>5</sup> The study highlighted that arrangements such as funding of consultants, as was done on a needs basis under TA 3880, (footnote 4), have supported sensitization and building local capacity to deal with poverty issues. Such measures have been critical in reinforcing a poverty focus in TAs and loans in India's portfolio. A midterm review of the TA in May 2005 showed that it had generated a good response from civil society, encouraging grassroots impact, and has created important lessons for ADB's engagement with nongovernment organizations (NGOs) in India.

5. The memorandum of understanding signed between ADB and the Government of the United Kingdom in 2001 emphasized supporting activities such as knowledge sharing and dissemination. It also advocated (i) financing preparatory or appraisal studies, (ii) knowledge sharing and dissemination, and (iii) impact assessment and recruitment of consultants to support this. The overall objective is to create an enabling environment for sustainable growth and poverty reduction. The proposed TA will address the strategic focus of the Government, ADB, and the DFID Trust Fund in this regard.

6. Given the large size of the India program, averaging \$1.5 billion a year, it is important to continuously mainstream development outcomes to enhance operational effectiveness. This requires a flexible and response-based approach to client needs as well as flexibility in identifying and undertaking activities that emerge from project level experiences.

### III. THE PROPOSED TECHNICAL ASSISTANCE

#### A. Impact and Outcome<sup>6</sup>

7. The objective of the proposed TA is to enhance the effectiveness of ADB India operations through effective knowledge management, dissemination, and capacity enhancement of weaker EAs and states where ADB operations have recently started (Assam, Chattisgarh, Jammu and Kashmir, Orissa, West Bengal, and the northeast, among others). In terms of knowledge management, the TA will support analytical and sector studies and impact assessments in areas of operational relevance (such as transport, energy, urban infrastructure, finance, agriculture, and water resources). It will also support state-level studies and thematic assessments where relevant. Under capacity enhancement, the TA will support (i) knowledge-sharing activities, (ii) dissemination of best practices, (iii) capacity building, and (iv) provision of consultancy as required.

#### B. Methodology and Key Activities

8. The TA will assist in key activities for knowledge management and capacity enhancement under the following seven designated clusters.

9. **Analytical Studies, Sector Work, and Impact Assessments.** The TA will support undertaking needs-based analytical and sector studies, and impact assessments. In particular, the studies will help analyze (i) important crosscutting components under sector interventions; (ii) issues influencing service delivery, such as social exclusion and participation; (iii) performance of development interventions when a follow-up project or sector intervention is

<sup>5</sup> Srivastava, Ravi Shankar. 2004. *Evaluation of the DFID/ADB Trust Fund for India*. New Delhi,

<sup>6</sup> Financed by the United Kingdom Cooperation Fund (Poverty Focused) for Technical Assistance.

proposed; (iv) development issues relating to new states or sectors of intervention; and (v) important emerging development modalities, such as public private partnerships. The TA will cover about eight to 10 such studies with a maximum outlay of \$30,000–\$40,000 each. The studies/assessments undertaken under the cluster will be focused on ADB's ongoing and future program in India, and will be carried out by accredited institutions/firms. The terms of reference (TOR) for the proposed work and its documentation plan will be provided by the sector division requesting the work. They will be finalized in consultation with key stakeholders, including sector divisions in ADB, line ministries, state executing agencies, and government institutions, as relevant. They will be endorsed by an advisory committee to be set up under the TA (para 18). A memorandum of understanding will be signed with each of the institutions to ensure agreement on the TOR and presentation of the outcomes of the study.

10. **Conferences, Seminars, and Workshops.** The TA will support conferences, seminars, and workshops on a selective but focused basis. These may be related to (i) important social priorities involving the Millennium Development Goals, (ii) knowledge enhancement in operational areas, and (iii) areas of strategic focus as spelled out in the CSP. The relevance of events will need to be clearly defined in order to be approved.

11. **Meetings and Retreats on Portfolio Matters.** ADB's operations in India have been expanding in terms of new states and sectors. As a result, several operational matters have emerged that need to be discussed, brainstormed, and resolved. Because of ADB's large and diverse portfolio in India, and varying degrees of problems across sectors and states, performance has to be steered through regular and intensive interaction with implementing agencies. Such meetings and retreats on portfolio matters, in recent months, have been extremely useful to improve portfolio performance. For example, in 2005, disbursements doubled from \$320 million to \$640 million and it is hoped that they will reach \$1 billion by 2006–07. Meetings of various EAs in sectors of ADB operation also serve as an important cross-learning platform between agencies and states. About 12–15 such meetings and retreats are proposed to be held during the 3-year duration of the TA, averaging \$20,000 each. Decisions on these meetings will be based on mutual agreements between the ADB and the Government.

12. **Learning of National and Regional Best Practices through Study Tours.** There is large untapped potential in terms of utilizing cross learning from successful projects to improve the quality of the design and implementation of ADB projects in India. There are vast sector-related and state-level experiences from previously completed projects within the country as well as innovative experiences in the region. To avoid duplication of efforts with individual projects, this facility will support study tours (i) only in projects where there is no committed allocation for this purpose, and (ii) for scoping exercises for new interventions or exploratory projects without a committed budget. These study tours will cover new sectors identified by the Government for intervention (such as tourism and urban transport) or large future follow-up interventions in existing sectors. The Government greatly values such cross learning and has frequently emphasized the need for incorporation of best practices at country and regional level into various projects. The proposed TA will support the documentation of best practices and hands-on learning through site visits by those directly concerned with project design and implementation. Sector specialists/mission leaders of various projects will prepare requests under this cluster, including suggestions on the team composition and highlights of project(s) to be visited. Participating officials/members will be required to prepare and provide a two-page report on how they propose to operationalize the lessons learned from the study tours and conduct a dissemination seminar for EAs and sector departments. All study tour proposals will be endorsed by the advisory committee set up under the TA.

**13. Capacity Building of Executing Agencies on Operational Policies and Procedures.**

In many ongoing projects, lack of adequate information and understanding of ADB policies and procedures (including social safeguards, procurement, consultant recruitment, etc.) is cited as a cause of operational delays. Capacity building under the proposed TA will cover both old and new EAs and states. It will also support capacity building on various aspects of project implementation, particularly in slow-disbursing projects. All interventions will be needs based, identified by the EA/ADB, and approved by the advisory committee. The project officer will obtain feedback from participating officials on the relevance and usefulness of training, and prepare a report for the advisory committee.

**14. Recruitment of Long- and Short-Term Consultants.** Domestic long- and short-term consultants will be recruited to provide specialized inputs in the operational sectors, states, and crosscutting themes (four to five short-term consultants and one long-term consultant). Short-term consultants will be hired on a needs basis. TOR for the short-term consultants will be provided by the sector division requesting consulting services. A long-term knowledge management consultant (domestic) will provide inputs to enhance the effectiveness of the TA on a continuous basis. The consultant's responsibilities will include (i) providing background inputs on relevant knowledge products available in identified areas, (ii) best practices available for the various sectors, (iii) preparing background material for dissemination and capacity building events, (iv) feedback on the effectiveness of capacity enhancement strategies being used along with real-time suggestions, and (v) support for TA administration. About 50–60 months of domestic consulting services are envisaged. International expertise will be co-opted in the form of resource persons for documenting and training on international best practices.

**15. Select Poverty Reduction Interventions.** The TA proposes to support projects of developmental NGOs and community-based organizations which have linkages to ADB projects and/or sectoral interventions and priorities. The projects will (i) support existing operations, (ii) typically cost \$10,000–\$30,000, (iii) promote social and human development goals, (iv) redress social exclusion, and (v) promote empowerment and equity. An example of such projects in the transport sector would include support to redress HIV/AIDS and promote road safety. Such projects would be excellent value added in terms of helping promote ADB's poverty reduction strategy and mainstreaming human development in India to support achievement of the Millennium Development Goals. They would complement ADB's CSP in India by directly supporting poverty reduction and inclusive social development; and facilitate enhanced cooperation between ADB, the Government, and NGOs/community-based organizations. The India Resident Mission (INRM) will formulate appropriate project selection, implementation, and monitoring guidelines and procedures in consultation with the advisory committee.

**C. Cost and Financing**

16. The total estimated cost of the TA is \$2,500,000, of which \$2,000,000 will be financed on a grant basis by the Government of the United Kingdom, and administered by ADB. Local currency costs are \$1,630,000 and foreign currency costs are \$370,000. The Government will provide counterpart contribution in kind estimated at \$500,000. The cost estimates and financing plan are in Appendix 2.

**D. Implementation Arrangements**

17. The Department of Economic Affairs will be the EA for the TA. However, various implementing agencies responsible for ADB-financed projects and programs, INRM, and

relevant ADB divisions dealing with India will have access to various provisions of the TA in terms of suggested areas for study, capacity building, highlighting international best practices, and using of consultants expertise on a needs basis. INRM will coordinate the overall implementation of the TA.

18. An advisory committee, headed by the INRM country director, will be constituted. It will comprise (i) ADB's project officer; (ii) INRM sector specialists, who will also consult and reflect the views of sector divisions at the South Asia Regional Department (SARD); and (iii) a government representative. The advisory committee will meet at least once every 6 months. To ensure a timely response to operational requirements, the approval mechanism will be as follows: (i) for activities such as analytical work, impact assessments, and small grant projects that can be identified and planned in advance, the advisory committee will endorse inclusion of such proposals; (ii) activities under other clusters (such as workshops, seminars and conferences, meetings and retreats, learning events, and capacity building) will be put up to the head of the advisory committee (i.e., INRM country director) for approval; and (iii) no objection concurrence of the EA will be obtained for recruitment of consultants. These approval mechanisms have been designed to ensure the timely response of the proposed TA to various operational requirements. At the end of each year, the advisory committee will meet to review progress on the TA. A representative from the Department for International Development of the Government of the United Kingdom will be a member of the advisory committee for such meetings.

19. The knowledge management consultant and other short-term consultants engaged under the TA will be engaged by ADB in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. Draft TOR for the knowledge management consultant are in Appendix 3. International resource persons will be hired on a needs basis; their involvement will be endorsed by the INRM country director and reported to the advisory committee. They will (i) support documentation of international best practices; (ii) support dissemination of best practices; and (iii) participate in TA workshops, seminars, and conferences as required. The project officer will have overall responsibility for ensuring the achievement of the TA's strategic directions, and to facilitate coordination and involvement of relevant ADB divisions.

20. The Government, as the EA, will be a proactive partner in the execution of this TA. It will participate in advisory committee meetings and nominate staff for participation in capacity building events. Relevant studies will be published on the internet for wider dissemination, in consultation with the Government. The TA will be implemented over a period of 3 years from 1 April 2006 to 31 March 2009.

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

21. The President recommends that the Board approve ADB administering technical assistance not exceeding the equivalent of \$2,000,000 to the Government of India to be financed on a grant basis by the Government of the United Kingdom for Knowledge Management and Capacity Building.

## DESIGN AND MONITORING FRAMEWORK

<b>Design Summary</b>	<b>Performance Targets/Indicators</b>	<b>Data Sources/Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
<p><b>Impact</b> Increased efficiency of ADB operations</p>	<p>Feedback on 8–10 studies undertaken based on case study</p> <p>Participation of functional staff in capacity enhancement</p> <p>Reduction of time taken to engage consultants, procure goods, and disburse (before and after indicators for EAs to which capacity-building intervention is targeted)</p> <p>Number of projects, manuals, and reports where TA outputs serve as inputs (including reports and recommendations of the President, TA papers, and project administration memorandum)</p>	<p>Review missions</p> <p>Impact assessments</p> <p>Case studies</p> <p>Minutes of advisory committee meetings</p>	<p><b>Assumption</b> Executing agencies use findings from the studies/ capacity enhancement exercises to improve policy making and implementation</p>
<p><b>Outcome</b> Enhanced portfolio performance of ADB operations in India</p>	<p>Number of executing agencies or loan projects that benefited from TA activities</p> <p>Disbursement ratio</p> <p>Participation in capacity enhancement and internal dissemination accomplished</p>	<p>Review missions</p> <p>Impact assessments and appraisals</p> <p>Minutes of advisory committee meetings</p>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Stakeholder commitment to incorporate outputs of the TA into policy and planning processes</li> <li>• Staff trained through capacity building institutionalize the training lessons</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Study outcomes are not adequately disseminated or utilized</li> <li>• Staff are transferred or do not support integration of best practices and training</li> </ul>
<p><b>Outputs</b></p> <ul style="list-style-type: none"> <li>• Study reports</li> <li>• Best practices documentation</li> <li>• Reports on capacity building and relevance</li> <li>• Reports on study tours</li> <li>• Project reports on small grant activities</li> </ul>	<p>Completion of 8–10 studies</p> <p>12–15 portfolio retreats</p> <p>Support for select knowledge dissemination activities</p> <p>Timely engagement of consultants</p> <p>Number of projects/sectors</p>	<p>Periodic TA review by ADB staff</p> <p>Impact assessments</p> <p>Minutes of advisory committee meetings</p> <p>Annual Review report of the advisory committee</p>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• Timely compliance</li> <li>• Active participation of stakeholders</li> </ul>

	where poverty reduction was mainstreamed through implementation of small grant projects		
<b>Activities with Milestones</b> <ul style="list-style-type: none"> <li>• Studies and impact assessments (8-10 studies)</li> <li>• Conferences, seminars, and workshops (15-20 events)</li> <li>• Meetings and retreats on important portfolio matters (12-15 portfolio retreats)</li> <li>• Dissemination of best practices</li> <li>• Capacity building of executing agencies on important operational matters (Needs based as indicated by the Advisory Committee)</li> <li>• Consultancy inputs (50-60 person months of domestic consulting services)</li> <li>• Select poverty and social development interventions</li> </ul>		<b>Inputs</b> <ul style="list-style-type: none"> <li>• ADB</li> <li>• Government</li> <li>• Development partner (Cofinancing)</li> </ul>	

ADB = Asian Development Bank, EA = executing agency, TA = technical assistance.

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**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. Government of the United Kingdom Financing<sup>a</sup></b>			
1. Consultants			
a. Remuneration and Per Diem Domestic Consultants	0.0	200.0	200.0
b. International and Domestic Travel	50.0	50.0	100.0
c. Reports and Communications		50.0	50.0
2. Honoraria for International Resource Persons	50.0	0.0	50.0
3. Studies and Impact Assessments	0.0	300.0	300.0
4. Conferences, Seminars, and Workshops		100.0	100.0
5. Meetings and Retreats on Portfolio Matters	0.0	300.0	300.0
6. Study Tours for National and Regional Best Practices	200.0	100.0	300.0
7. Capacity Building of Executing Agencies	0.0	150.0	150.0
8. Small Grant Activities	0.0	200.0	200.0
9. Equipment		25.0	25.0
10. Miscellaneous Administrative Costs	50.0	75.0	125.0
11. Contingencies	20.0	80.0	100.0
<b>Subtotal (A)</b>	<b>370.0</b>	<b>1,630.0</b>	<b>2,000.0</b>
<b>B. Government Financing</b>			
1. Counterpart Staff Support	0.00	200.0	200.0
2. Documentation and Supporting Requirements	0.00	100.0	100.0
3. Miscellaneous Administrative Expenses	0.00	150.0	150.0
4. Contingency	0.00	50.0	50.0
<b>Subtotal (B)</b>	<b>0.00</b>	<b>500.0</b>	<b>500.0</b>
<b>Total</b>	<b>370.0</b>	<b>2,130.0</b>	<b>2,500.0</b>

<sup>a</sup> Administered by the Asian Development Bank.  
Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

### A. General

1. Domestic long- and short-term consultants will be recruited to provide specialized inputs in operational sectors, states, and crosscutting themes. The knowledge management consultant and other short-term consultants recruited under the TA will be engaged by ADB in accordance with its *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. International expertise will be co-opted in the form of resource persons for documenting and training on international best practices.

### B. International Resource Persons

2. International resource persons will be hired on a needs basis. Their involvement will be endorsed by the India Resident Mission (INRM) country director and reported to the advisory committee. They will (i) support documentation of international best practices; (ii) support dissemination of best practices; and (iii) participate in TA workshops, seminars, and conferences as required.

### C. Domestic Consultants

3. One long-term and four to five short-term domestic consultants will be hired. Short-term consultants will be hired on a needs basis, depending on operational requirements. Terms of reference for the short-term consultants will be provided by the sector division requesting the services. A long-term knowledge management consultant (domestic) will provide inputs to enhance the effectiveness of the TA on a continuous basis. About 50–60 person-months of domestic consulting services are envisaged. Draft terms of reference for the knowledge management consultant are given below.

#### 1. Knowledge Management Consultant (36 person-months)

##### a. Responsibilities

4. The knowledge management consultant will support TA implementation by performing the following roles:

- (i) Provide inputs to enhance the effectiveness of the TA on a continuous basis.
- (ii) Provide background inputs on relevant knowledge products available in identified areas.
- (iii) Provide inputs on best practices available for the various sectors.
- (iv) Provide feedback on effectiveness of capacity enhancement strategies being used along with real-time suggestions.
- (v) Support monitoring of progress and documentation of studies under the TA.
- (vi) Suggest impact assessments and appraisal studies needed, based on feedback from stakeholders.
- (v) Support preparation of the agenda and material for all learning events dissemination.
- (vi) Develop and implement a management information system for the TA.
- (vii) Overall support for TA implementation.

**b. Competency and Expertise Requirements**

5. The candidate should have

- (i) an MA/MPhil degree in the social sciences with a strong background in development management issues relating to social development, environment, and poverty reduction;
- (ii) at least 5 years experience in policy analysis, impact assessments, and appraisal, and a deep understanding of India's social dynamics ;
- (iii) ability to systematically interact with stakeholders at field level and apply insights obtained into work;
- (iv) strong analytical skills and willingness to work under tight deadlines; and
- (v) good written and oral communication skills .

**c. Conduct of Work**

6. The consultant will (i) be responsible for becoming familiar with ADB policies and operational procedures, and (ii) work in an objective and professional manner.

**d. Reporting Arrangements**

7. The consultant will (i) work with the project implementation team under the overall direction of the INRM country director, and (ii) prepare biannual progress reports.