



Technical Assistance Report

Project Number: 40648
December 2007

India: Preparing the Inclusive Tourism Infrastructure Development Project (Financed by the Japan Special Fund)

Asian Development Bank

CURRENCY EQUIVALENTS

(As of 6 December 2007)

Currency Unit	–	Indian rupee/s (Re/Rs)
Re1.00	=	\$0.253
\$1.00	=	Rs39.49

ABBREVIATIONS

ADB	–	Asian Development Bank
C&P	–	consultation and participation
CPS	–	country partnership strategy
GAP	–	gender action plan
GDP	–	gross domestic product
JSF	–	Japan Special Fund
MOT	–	Ministry of Tourism
PIUs	–	project implementation units
PMUs	–	project management units
PPP	–	public–private partnership
PPTA	–	project preparatory technical assistance
TA	–	technical assistance
TOR	–	terms of reference

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sectors	–	Multisector (Water supply, sanitation, and waste management; transport and communications)
Subsectors	–	Integrated, civil aviation, roads and highways
Themes	–	Sustainable economic growth, environmental sustainability
Subthemes	–	Fostering physical infrastructure development, urban environmental improvement

NOTE

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

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Director General	K. Senga, South Asia Department (SARD)
Director	H. Kim, Urban Development Division, SARD
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I. INTRODUCTION

1. In 2006, the Government of India requested assistance from the Asian Development Bank (ADB) to meet the large-scale tourism infrastructure requirements of the country. ADB, as a first step, provided a study¹ to assist the Government in developing a national tourism infrastructure development road map. The study, implemented from May to October 2007, has assessed the country's tourism endowments, market trends, high potential tourism circuits and destinations, and their infrastructure requirements over the next 10 years. The study also provided a broad assessment of the institutional and regulatory constraints to sustainable tourism growth. The technical assistance (TA)² is a culmination of this study, which is another step in ADB's partnership with India for developing environmentally sustainable, culturally sensitive, and socially inclusive tourism in India. The TA responds to the Government request for ADB's support in preparing a feasible tourism infrastructure development project for possible ADB financing. The preliminary design and monitoring framework is in Appendix 1.

II. ISSUES

2. India's rich cultural and natural heritage, its ancient civilization, vibrant culture, many landscapes, and rich biodiversity are of great interest to global tourist markets and give it a tremendous potential for tourism development. In 2002, the Government set a new policy for the development and regulation of the sector. The policy recognized the role of tourism in achieving socioeconomic goals and catalyzing broad-based growth. It also made a commitment to (i) mobilizing the state governments for tourism development, (ii) encouraging private sector provision of tourism facilities and services supported by public sector infrastructure development, and (iii) providing regulatory support to ensure environmentally and culturally sustainable tourism.

3. Tourism has grown remarkably during the 10th Five-Year Plan (2002–2006), because of Government efforts that include (i) the placement of tourism as a priority in the national agenda, (ii) the promotion of India through the "Incredible India" campaign in overseas markets, (iii) relative improvements in access and connectivity, and (iv) the opening of the tour operation sector to international operators. By the end of the 10th Plan, international tourist arrivals had grown to 4.4 million with foreign exchange earnings estimated at \$6.7 billion, while domestic tourism demand increased to an estimated 432 million. Overall, the tourism sector contributed about 6% of GDP and employed 51.1 million persons directly and indirectly in the country.

4. Despite considerable growth in tourism and good progress on policy and operational fronts, India's relative share of tourist arrivals and earnings from tourism remain insignificant in relation to its tourism potential. Tourism development as a multisector activity is undermined by the lack of coordinated effort and limited capacities of a large number of the agencies involved. Despite the recognition at the policy level of the critical role of the private sector in tourism, an enabling framework to mobilize the private sector for tourism infrastructure development, as well as developing complementary facilities, is not yet fully in place. All areas of tourism service provision suffer from a significant shortage of human resources. However, the most critical constraint to harnessing the tourism potential and sustained marketability of the country's vast tourism endowments is inadequate infrastructure. The basic connectivity infrastructure (air, road, rail, and water access) outside the main gateways and key destinations is inadequate. Utilities and civic services, such as water, sanitation, and solid waste management in many tourist destinations do not provide safe and attractive environments for tourists. In many of the natural

¹ Component TA for Tourism Infrastructure Development under ADB. 2006. *Technical Assistance Cluster to India for Project Processing and Capacity Development*. Manila (TA 4814-IND). The component TA was approved 18 December 2006 by Director General, South Asia Department. The TA is now at draft final report stage.

² This appeared in ADB *Business Opportunities* on 9 November 2007.

and cultural heritage sites of importance to tourism, access remains poor, parking is limited, public amenities are unfit for tourist use, and basic information and interpretation facilities are unavailable. Moreover, the infrastructure to protect and interpret key cultural and natural heritage sites is not in place, and the small-scale tourism infrastructure to support community-based tourism practices is generally absent. Inadequate infrastructure is exacerbating the current concentrated pattern of tourism, thus hampering the full realization of potential gains from tourism to the larger community and the economy. Lack of infrastructure is also hindering the diversification of tourism products and contributing to a highly seasonal pattern of tourism with resulting adverse impact on viability of investments by the private sector.

5. The study (footnote 1), conducted to prepare a tourism development road map for India, involved a strategic exercise based on desktop research, field visits, and consultation with stakeholders, including intense engagement with the private sector. The study assessed the country's tourism endowments and market trends; identified state and interstate tourism circuits³ as the units for integrated tourism infrastructure development; ranked the circuits based on criteria, including tourism potential and marketability; and determined the infrastructure requirements⁴ within those circuits that need to be developed on a priority basis over the next 10 years. The study concluded that the "circuit development" approach adopted by the Government should be maintained to diversify the current concentrated pattern of tourism and open up new destinations now bypassed by tourists. The study also concluded that there is an urgent need to improve the tourism infrastructure in an integrated manner in the key high-potential circuits to (i) increase the marketability of the country's tourism assets; (ii) spread the benefits of tourism more widely to achieve inclusive tourism growth; (iii) reduce the highly seasonal pattern of demand; and (iv) encourage private sector investments in tourist facilities (e.g., hotels, outlets), without which tourism cannot grow.

6. Moreover, the study recommended that, in parallel to infrastructure development, efforts need to focus on (i) improving the institutional framework to ensure coordinated actions and converge the resources of agencies towards common goals of tourism development; (ii) ensuring the sustainability of tourism infrastructure, services, and assets created, and enhancing conservation and management of heritage sites for environmentally and culturally sustainable tourism; (iii) regulating the tourism industry to achieve better standards; (iv) marketing the priority circuits as single destinations; (v) building the capacities of sector institutions and filling the gaps in skilled human resources in the sector; and (vi) mitigating the potential adverse affects of tourism on host communities and vulnerable groups. The study also suggested that, given the limited financial resources and management capacities in the public sector, incentives should be established to engage the private sector and local communities in the provision and operation and maintenance of tourism infrastructure and management of sites. Finally, the study recommended up-front support to enhance the project management and implementation skills of relevant agencies.

7. The proposed TA is required to develop a feasible tourism infrastructure development project building on the findings of the study. The TA and the ensuing project will contribute to the achievement of the targets in the Government's 11th Five-Year Plan and the road map being developed by the Government with ADB assistance. The TA and the ensuing project will respond to the Government's request for ADB's support in its efforts to meet the large-scale

³ A tourism circuit is defined as a route with more than one or two major destinations and sites, such that a tourist who visits one destination is motivated to visit all other destinations in the circuit, resulting in increased arrivals to other destinations that are currently bypassed by tourism markets.

⁴ The tourism infrastructure requirements over the next 10 years are estimated at \$10.6 billion, while the priority tourism infrastructure requirements over the next 5 years are \$6.3 billion. These include connectivity infrastructure, destination utility infrastructure, tourist facilities and amenities, heritage site infrastructure, and community-based small-scale tourism infrastructure.

tourism infrastructure gap that has been identified as a critical constraint to harnessing the tremendous tourism potential of India. The TA and the ensuing project will fully support ADB's current India country partnership strategy (CPS), whose major thrust is inclusive growth through addressing infrastructure bottlenecks in the priority sectors, including tourism, with greater potential to contribute to broad-based growth.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

8. The TA is intended to help the Government achieve its targets of enhancing the performance of the tourism sector in an environmentally and culturally sustainable and socially inclusive manner. This would be reflected in (i) an increase in the number and length of stays of tourists, (ii) more widely distributed income and benefits from tourism, and (iii) enhanced management of natural and cultural heritage sites of tourism importance.

9. The expected outcome and output of the TA is an agreed design for a feasible tourism infrastructure development project that will contribute to the accomplishment of the following 10-year road map objectives: (i) integrated development of high-priority tourism infrastructure in high-potential tourism circuits, resulting in enhanced connectivity and improved, environment, utilities, and tourist services; and (ii) improvement of institutional and regulatory frameworks that will ensure coordinated efforts of multiple agencies, promote environmentally and culturally sustainable and socially inclusive tourism development, and encourage private sector and community participation in tourism.

B. Methodology and Key Activities

10. The TA will have two phases—phase 1 will be dedicated to the preparation of the feasibility of an investment package, and phase 2 will focus on activities to improve the project management and implementation capacities and enhance readiness of relevant agencies for the ensuing loan project implementation.

11. The output for phase 1 of the TA will be an investment proposal for possible ADB financing. More specifically, phase 1 will

- (i) finalize the state-level road map based on the national road map and confirm the priority subprojects;
- (ii) review and assess the feasibility of subprojects based on technical, institutional, environmental, social, economic, financial, and other relevant factors;
- (iii) develop an institutional and regulatory reform agenda and proposals for capacity building and human resource development building on the recommendations of the national road map; and
- (iv) prepare proposals for project implementation arrangements, and identify project costs and a financing plan, as well as the project assistance modality.

12. In formulating the overall project proposal, the TA will follow ADB guidelines in economic and financial assessment, environment, poverty, and social dimensions pertaining to resettlement, indigenous peoples, and gender.

13. The ensuing project is expected to include in high-priority circuits of the selected states investments in

- (i) tourism access and connectivity infrastructure (e.g., roads, transport, airports);
- (ii) tourism destination utility infrastructure and services (e.g., drainage, sewerage, water supply, and solid waste management);

- (iii) natural and cultural heritage conservation and support infrastructure and services;
- (iv) other tourism facilities and services (e.g., tourism service centers, tourist information facilities) and wayside amenities between major destinations and sites (rest rooms), and;
- (v) community-based tourism schemes and approaches to enhance multiplier effects and more widely spread tourism's benefits to local communities.

14. The ensuing project is also expected to include support for enhanced tourism institutional and regulatory frameworks to

- (i) ensure coordinated actions between a number of agencies towards common goals,
- (ii) increase private sector participation in tourism infrastructure development and asset management, as well as in developing complementary facilities (e.g., accommodation),
- (iii) ensure environmentally and culturally sustainable tourism, and
- (iv) capacity building and human resource development for sustainable tourism management.

15. Outputs from phase 2 will include enhanced project preparedness for implementation and improved project management and implementation capacities, with resulting timely and effective project implementation. Specifically, activities in phase 2 will include assistance in the establishment of project management and implementation units for the ensuing loan project in the respective executing and implementing agencies, training of relevant staff in project management and implementation and ADB procedures, and assistance in enhancing the preparedness of priority subprojects.

C. Cost and Financing

16. The TA is estimated to cost \$1.2 million. The TA will be financed on a grant basis by the Japan Special Fund, funded by the Government of Japan. The Government of India and the state governments will provide the equivalent of \$200,000 to cover the remuneration of counterpart staff, provision of office accommodation and facilities, and local transportation for counterpart staff. The Government of India has been informed that approval of the TA does not commit ADB to finance any ensuing loan project. Details of the cost estimates and financing arrangements are in Appendix 3.

D. Implementation Arrangements

17. The Ministry of Tourism (MOT) will be the national-level focal agency, while the tourism departments in the selected states will be the executing agencies for the TA at the state level. The MOT in Delhi and the tourism departments in the states will appoint qualified project directors to be supported by an adequate number of professional and support staff. Consultants will be based in the states, and the executing agencies in the states will provide the consultants with administrative and technical support and logistics. A national steering committee will be formed with participation of MOT and Department of Economic Affairs (DEA) and the representatives of selected states to provide strategic guidance to the TA. State-level coordination committees will be set up to ensure coordination among and support from a number agencies involved in tourism infrastructure development. The committees will meet regularly to review TA progress and guide policy issues, as well as TA proposals at key stages, including inception, interim, and draft final stages. In addition, focal persons will be designated in each agency and municipal body involved in tourism infrastructure development to closely work with the TA executing agency and provide sectoral inputs as necessary.

18. The TA will be undertaken by two teams of international and national consultants to be engaged as individuals in two consecutive stages in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). About 68 person-months of consulting services will be required for the two phases—9 person-months of input from international consultants and 57 person-months from national consultants. The TA team for phase 1 will comprise the following international experts:

- (i) an expert in tourism planning and infrastructure development acting as a team leader (4 person-months),
- (ii) a community-based tourism specialist (3), and
- (iii) an economist (2).

19. The team for phase 1 will include a total of 29 person-months of inputs from the following national consultants:

- (i) two tourism infrastructure engineering (transport and municipal) experts (3 person-months each);
- (ii) a cultural heritage conservation and management expert (3);
- (iii) an environment and natural heritage management expert (4);
- (iv) an expert in social development, including resettlement (6);
- (v) a tourism institutional and regulatory development expert (3);
- (vi) an expert in private sector participation (3); and
- (vii) an economic and financial analysis expert (4).

20. The TA team for phase 2 will be made up of national experts (30 person-months), including

- (i) a project management specialist also acting as team leader (6),
- (ii) experts in procurement (6),
- (iii) three civil engineering experts (5 person-months each), and
- (iv) an expert in tourism institutional development (3).

21. Outline terms of reference for consulting services are in Appendix 4.

22. Phase 1 will be implemented over 5 months from January 2008 to May 2008. The consultants will submit an inception report, including the approach, scope, and work program, within 2 weeks; an interim report containing the state tourism infrastructure development road maps and list of subprojects within 2 months; and a draft final report comprising the feasibility and investment package within 4 months of the start of the TA. Tripartite meetings will be held with the Government of India, state governments, ADB, and the consultants to discuss reports. Workshops also will be held to discuss the interim and draft final reports with stakeholders. A final report will be submitted 1 month after the Government and ADB comment on the draft final report.

23. Phase 2 of the TA will begin following the completion of phase 1. It will be implemented over 7 months from June 2008 to December 2008. The consultants will submit an inception report within 1 month of the start of phase 2, monthly progress reports, and a draft final report in the sixth month after commencement of phase 2. A workshop also will be held at the end of phase 2 to share the outputs and outcomes of this phase with the stakeholders.

IV. THE PRESIDENT'S DECISION

24. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$1,000,000 on a grant basis to the Government of India for preparing the Inclusive Tourism Infrastructure Development Project, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <ul style="list-style-type: none"> Enhanced performance of tourism sector and subsequent impact on sustained and inclusive economic growth. 	<ul style="list-style-type: none"> Increased number of international tourist arrivals (from 4.4 million in 2006) and increased domestic tourism demand (from 432 million in 2006) and length of stay of tourists. Increased receipts from tourism and an increase in tourism's contribution to GDP (from 6% in 2006). Increased employment from tourism. Expanded geographic coverage of tourism's impact on GDP and employment. 	<ul style="list-style-type: none"> National tourism statistics. World Trade Organization and other tourism-related international organizations' statistics. National and state economic statistics. 	<p>Assumptions</p> <ul style="list-style-type: none"> The Government maintains tourism as a priority in its national agenda.
<p>Outcome</p> <ul style="list-style-type: none"> An investment proposal for a feasible tourism infrastructure project which will lead to (i) development of tourism infrastructure services and amenities in priority tourism circuits and destinations, (ii) enhanced management of tourism destinations and natural and cultural heritage sites of tourism importance, and (iii) opening up of new circuits and destinations to tourism and implementation of community-based tourism schemes with potential for wider replication. Enhanced project preparedness for implementing the loan project. 	<ul style="list-style-type: none"> The overall investment proposal for a tourism infrastructure development project is accepted by ADB, the state governments, and the Government of India and loan processing commenced. Project management and implementation arrangements are in place, with staff exposed to ADB procedures and with the first batch of subprojects at an advanced stage of preparedness. 	<ul style="list-style-type: none"> Aide memoire of Final Review Mission. Draft final reports for TA phases 1 and 2. Workshop proceedings. India Country Operations Business Plan Updates. 	<p>Assumptions</p> <ul style="list-style-type: none"> The Government remains committed to tourism infrastructure development and related reform measures for environmentally and culturally sustainable and socially inclusive tourism. A high quality TA final report, providing good analysis and fully feasible investment proposals will be delivered by May 2008. The TA will result in an ADB loan for tourism infrastructure development. <p>Risks</p> <ul style="list-style-type: none"> Delay in undertaking reform measures.
<p>Outputs</p> <ul style="list-style-type: none"> Phase 1: An investment project containing proposals for <ul style="list-style-type: none"> enhanced connectivity to and improved environment and utilities and tourist services in key potential tourism circuits and destinations, and 	<p>Phase 1:</p> <ul style="list-style-type: none"> Finalize the state tourism infrastructure development roadmap and confirm the short list of priority subprojects as well as state specific institutional and regulatory reform measures within 2 months of the TA commencement. 	<ul style="list-style-type: none"> TA reports including free-standing resettlement framework, resettlement plan(s), indigenous people's development framework and/or plan and/or environmental assessment, and review framework and environmental assessments. 	<p>Assumptions</p> <ul style="list-style-type: none"> Qualified consultants are mobilized in a timely manner. Sufficient resources and timely inputs were provided to support implementation of the TA by ADB and the Government.

<ul style="list-style-type: none"> ▪ improved institutional and regulatory systems and capacities for environmentally and culturally sustainable tourism. • Phase 2: Design and implementation of the program for enhanced readiness for effective and timely implementation of the ensuing loan project. 	<ul style="list-style-type: none"> • Design, conduct and analyze the socioeconomic and impact field surveys within 2 months of the TA commencement. • Undertake detailed evaluation of the subprojects (land acquisition resettlement, social, gender, environment, economic and financial analysis) within 4 months of the TA commencement. • Develop all capacity building and human resource development proposals within 4 months of the TA commencement. • Develop project costs, financing plan, and implementation arrangements within 4 months of the TA commencement. • Reach consensus on the proposed project and firm up the loan processing schedule within 5 months of the TA commencement. <p>Phase 2</p> <ul style="list-style-type: none"> • Establish structures for project management and implementation for the loan project as per the proposals of phase 1 by September 2008. • Design and conduct training for staff of executing and implementing agencies on ADB procedures for project management, procurement, disbursement, and safeguards by December 2008. • Improve the preparedness of priority subprojects for implementation by December 2008. 	<ul style="list-style-type: none"> ○ ADB Mission's aide memoire. ○ Proceeding of workshops and other meetings. ○ Commencement of loan processing. 	<p>Risk</p> <ul style="list-style-type: none"> • Delay in TA implementation.
<p>Activities with Milestones</p> <ol style="list-style-type: none"> 1. The MOT and respective state governments are on board with support for logistics and counterpart staff by December 2007; 2. Recruit and mobilize consultants for phase 1 by the 1st week of January 2008; 3. Prepare the inception report and submit it to ADB and the Government by the 3rd week of January 2008; 4. Prepare the interim report and submit it to ADB and the Government by February 2008; 5. Hold a workshop and discuss the interim report by the 1st week of March 2008; 6. Prepare and submit to ADB and the Government a draft final report by the end of April 2008; 7. Hold a workshop in the 2nd week of May 2008 and reach a common understanding on the proposals of the draft final report and proposed loan project; 8. Prepare and submit the final report by the 4th week of May 2008; 9. Mobilize consultants for phase 2 to enhance project preparedness by 1st week of June 2008; 10. Complete phase 2 by December 2008. 			<p>Inputs</p> <p>ADB: \$1.0 million</p> <ul style="list-style-type: none"> • International consultants • National consultants • Counterpart support from MOT and state governments

ADB = Asian Development Bank; GDP = gross domestic product; MOT = Ministry of Tourism; TA = technical assistance.

INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title:	India: Inclusive Tourism Infrastructure Development Project		
Lending/Financing Modality:	As of now, it is proposed as a sector loan through a multitranche finance facility. This will be confirmed in the first month of the project preparatory technical assistance (PPTA).	Department/ Division:	South Asia Department/ Urban Development Division

I. POVERTY ISSUES

A. Linkages to the National Poverty Reduction Strategy and Country Partnership Strategy

Tourism is one of the world's largest and fastest growing sectors, accounting for almost 11% of global gross domestic product. Properly planned and managed, the tourism sector can have a catalytic impact on poverty reduction. As evidenced in India and other countries, the sector generates more jobs than any other and thus contributes to local livelihoods. In India, by 2006, it is estimated that the tourism sector sustained 51.1 million persons through direct and indirect employment. An important feature of the sector is that customers come to the product, thereby providing opportunities for multiplier effects. Tourism products mostly depend on natural capital, culture, and traditional skills and arts that are generally the assets of the poor—implying the great potential of the sector for poverty reduction. The Government of India recognized the role of the tourism sector in achieving socioeconomic goals and broad-based growth, and since 2002 has been placing tourism as a priority in the national agenda. The Government of India, with its 11th Five-Year Plan (2007–2012), again prioritized the tourism sector and made a commitment to meet the large-scale tourism infrastructure gaps, which are considered a major constraint to tapping the vast tourism potential of the country, as well as a constraint to a more inclusive pattern of tourism development. A major strategy of ADB's India CPS is inclusive growth through infrastructure development in those sectors that have greater potential to contribute to broad-based growth. Accordingly, and in line with the Government's policy, ADB's India CPS identifies tourism infrastructure development as an area of priority.

B. Targeting Classification

1. Select the targeting classification of the project:

General Intervention Individual or Household (TI-H); Geographic (TI-G); Non-Income MDGs (TI-M1, M2, etc.)

2. Explain the basis for the targeting classification: The project is positioned to be inclusive. With the expected broad-based growth as a result of the project, the beneficiaries will include both the poor and non-poor.

C. Poverty Analysis

1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed?

2. What resources are allocated in the PPTA/due diligence? The terms of reference includes scope for social assessment.

3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)? A social assessment will be undertaken in order to determine the possibility of developing community-based tourism products. Community-based tourism can promote inclusive growth. The assessment will determine potential pro-poor components. It will also document potential negative social impacts that will affect the vulnerable, and if there are any, a strategy to avoid or minimize such impacts, including prescribing mitigation measures, will be reported.

II. SOCIAL DEVELOPMENT ISSUES

A. Initial Social Analysis

Based on existing information:

1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project? As discussed, the project is designed to be inclusive and result in broad-based growth benefiting both poor and non-poor.

2. What are the potential needs of beneficiaries in relation to the proposed project? A planning study conducted prior to the preparation of the TA, identified the needs for (i) small-scale tourism infrastructure, which will benefit community-based tourism, and (ii) the larger-scale connectivity and utilities which will improve accessibility to and the quality of life in the destinations for both tourists and host communities.

3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them? The project aims to ensure that the benefits of tourism are more widely distributed to result in inclusive growth. The access to benefits from infrastructure can be constrained by inadequate institutional mechanisms and capacities of sector institutions.

B. Consultation and Participation

1. Indicate the potential initial stakeholders.

A stakeholder analysis will be undertaken to identify key project stakeholders, their interests, and the way these interests affect project risk and viability. Stakeholders will likely include (i) the central government ministries, i.e., the Ministry of Tourism and Department of Economic Affairs of the Ministry of Finance; (ii) state tourism departments; (iii) state departments involved in tourism-related infrastructure development, e.g., Public Works Department, Airport Authority; (iv) local government authorities, municipalities, and other service providers in selected tourism circuits and destinations; (v) private sector groups such as tour operators and existing and potential private investors; (vi) local communities; and (vii) local and international nongovernment organizations and bilateral agencies involved in tourism development in India. Stakeholders will also include people affected by the project in terms of resettlement and land acquisition, and the vulnerable.

2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)?

Based on the above stakeholder analysis, a participation strategy will be prepared to outline how to involve various stakeholders at different stages of the project cycle. Emphasis will be placed on ensuring the fair representation of each group, especially the poor and the excluded. It is envisaged that the participation strategy will involve three levels of participation and consultation instruments, i.e., national workshops, state-level workshops and consultative meetings, and community-outreach activities. Inputs from the community-outreach activities at the local level will be discussed and evaluated at state consultative meetings and later shared at national workshops.

3. What level of participation is envisaged for project design?

Information sharing Consultation Collaborative decision making Empowerment

4. Will a C&P plan be prepared? Yes No Please explain. A participation strategy (details above) will be prepared.

C. Gender and Development

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program?

A gender analysis will be conducted during project preparation to determine how project benefits can be maximized for women in tourism development. The roles, responsibilities, needs, and interests of both men and women will be analyzed. Men and women play different roles in the tourism industry. Women provide more up-front services and have an important role at home. If managed properly, tourism can contribute to the promotion of gender equality and empower women. Environmental improvements, better awareness of hygiene and food safety, improved skills (through training), and more representation in managerial positions could strengthen women's role and increase their participation in the industry. Women are also more vulnerable to negative social effects of tourism. A gender action plan (GAP) will be prepared under the TA to develop measures to ensure that (i) women actively participate in the project design as well as project implementation, (ii) women and men benefit equally from the project, (iii) the project addresses the differential gender needs, and (iv) potential negative social impacts of tourism on women are avoided.

2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making? Yes No Please explain. A GAP will be prepared (details above).

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No Please explain.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS			
Issue	Nature of Social Issue	Significant/Limited/ No Impact/ Not Known	Plan or Other Action Required
Involuntary Resettlement	Through a strong subproject selection criterion, the project will avoid and minimize land acquisition and resettlement. The project design will ensure that most of the improvements will be carried out within the right of ways and on government land. The TA will prepare a resettlement framework, and prepare full or short resettlement plans as required.	Limited	<input type="checkbox"/> Full Plan <input checked="" type="checkbox"/> Short Plan <input checked="" type="checkbox"/> Resettlement Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Indigenous Peoples	The social analysis will assess the potential impact of the project on indigenous groups and ethnic minorities. The project will be designed to ensure that no adverse impact is made on indigenous people. The TA will further verify if there are any potential issues and prepare required actions or plans as necessary.	Limited	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> Indigenous Peoples Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Labor <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards	Construction, operation and maintenance of the ensuing project are likely to generate significant employment opportunities. Enhanced tourism infrastructure will attract private investments to the selected localities in tourist services such as hotels, retail industry, tour operating, and guide services, which will contribute to local and regional employment generation.	None	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain The economic analysis may include an assessment of employment opportunities.
Affordability	During project preparation, ways to increase the participation of the poor and vulnerable groups in managing their own tourism development will be explored. Ways to increase the locally produced goods and services for tourism development will also be considered. Selection of design options for infrastructure services in selected destinations will consider the affordability of the households. The potential negative impact of utility tariffs on the poor will be reviewed and addressed by employing pro-poor service charges and other innovative financing instruments.	Limited	<input checked="" type="checkbox"/> Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain An affordability analysis will be conducted.
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input checked="" type="checkbox"/> Others (social and health risks and	While tourism brings economic growth and contributes to poverty reduction, it also has potential to initiate rapid social changes. The movement of people and goods across borders may also increase	Limited	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain

exploitation of women and children)	social and health risks and exploitation of women and children. Risks will be assessed during project preparation and measures to minimize them will be incorporated into the project design.		
IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT			
<p>1. Does the TOR for the PPTA (or other due diligence) include poverty, social, and gender analysis and the relevant specialist/s? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.</p> <p>2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&P during the PPTA/due diligence? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.</p>			

ADB = Asian Development Bank, C&P = consultation and participation, CPS = country partnership strategy, GAP = gender action plan, PPTA = project preparatory technical assistance, TA = technical assistance, TOR = terms of reference.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. Asian Development Bank Financing^a	
1. Consultants	
a. International	202.0
i. Remuneration	162.0
ii. Per Diem	40.0
b. National Consultants	395.0
i. Remuneration	275.0
ii. Per Diem	120.0
c. International and Local Travel	30.0
d. Local transport	20.0
2. Surveys ^b	180.0
3. Workshops and Training ^c	30.0
4. Reports and Communications	10.0
5. Miscellaneous Administration Costs	18.0
6. Contingencies	115.0
Subtotal	1,000.0
B. Government of India Financing^d	
1. Office Accommodation and Logistics	100.0
2. Remuneration and Per Diem of Counterpart Staff	100.0
Subtotal	200.0
Total	1,200.0

^a Financed on a grant basis by the Japan Special Fund, funded by the Government of Japan.

^b Includes surveys (estimated at \$20,000 for phase 1 and \$160,000 for phase 2). Payment for surveys will be made through the selected consultant (team leader).

^c Three workshops will be arranged including two workshops during phase 1 at interim and draft final report stages and one workshop at the end of phase 2. Training will also be undertaken in phase 2 for the staff of executing and implementing agencies.

^d This will be through in-kind contribution.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The TA will have two phases, to be implemented in two consecutive stages by two teams of consultants (one for phase 1 and another for phase 2). The TA consultant teams will comprise international and national consultants to be recruited as individual consultants in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). The consultants will be based in the states.

A. Phase 1

1. Part A: Finalization of State Road Maps for Tourism Development and Confirmation of Priority Tourism Infrastructure Requirements and Subprojects

2. Part A will take 2 months, including an inception stage of 2 weeks and an interim stage of 6 weeks.

3. In the first 2 weeks, the consultants will prepare and submit to ADB, the Government of India, and the states an inception report outlining the detailed TA work plan, methodology and approach, and individual consultant input requirements and tasks.

4. Following inception, the consultants will finalize the state-level tourism development road maps, building on the earlier study (TA 4814)¹ on 10-year tourism development road map, within 5 weeks. The state road maps will provide:

- (i) state-specific tourism infrastructure requirements in the priority circuits of the state to be developed over the next 10 years.
- (ii) state-specific nonphysical issues involved in tourism, including issues with respect to (a) management of tourism sites and destinations, (b) operation and maintenance of tourism infrastructure and services, (c) institutional and regulatory weaknesses for sustainable development and management of tourism, (d) marketing and promotion, (e) financial and taxation policies that impede tourism growth, and (f) entry and movement of tourists in the country.
- (iii) state-specific proposals for:
 - (a) the institutional and regulatory development of tourism;
 - (b) capacity building for sustainable provision, operation and maintenance of tourism infrastructure and management of tourism destinations and cultural and natural heritage sites of tourism importance, including measures to
 - i. mobilize private sector participation in tourism infrastructure development and operation and maintenance as well as development of complementary facilities, e.g., hotels and accommodation;
 - ii. to safeguard natural and cultural heritage;
 - iii. to regulate the tourism industry to maintain acceptable standards in tourism products and services; and
 - iv. to address the current concentrated pattern of tourism and to distribute the benefits from tourism growth more widely.

5. The consultants will then reconfirm the priority tourism infrastructure requirements to be addressed under the ensuing project and the short list of subprojects for initial evaluation based on a review of the 10-year road map, further consultations with the participating state government tourism organizations, state line departments, local governments, other development partners and

¹ Component TA for Tourism Infrastructure Development under ADB. 2006. *Technical Assistance Cluster to India for Project Processing and Capacity Development*. Manila (TA 4814-IND). The component TA was approved 18 December 2006 by Director General, South Asia Department. The TA is now at the draft final report stage.

communities, and field inspections and surveys. The tourism infrastructure and the subprojects that the TA will study will include (subject to the specific needs of each selected state) (i) access and connectivity infrastructure, e.g., airports, roads; (ii) destination utilities, e.g., water sanitation, solid waste management; (iii) natural and cultural heritage conservation and heritage site protection infrastructure and public area facilities, e.g., information centers; (iv) non-urban destination small-scale infrastructure; and (v) wayside amenities, e.g., rest rooms, etc.

6. The consultants will describe the proposed project approaches and design principles and features (for the overall project as well as specific subprojects and components) to ensure an inclusive tourism infrastructure development project.

7. Based on the emerging scope, size, and nature of the project, the consultants will then, in consultation with ADB, assess the appropriate assistance modality and the financing instrument for the forthcoming loan project.

8. The consultants will identify data requirements and conduct socioeconomic, physical infrastructure, and institutional surveys needed for (i) feasibility evaluation and the design of the ensuing project and (ii) establishing baseline data on the current levels of socioeconomic status of the target areas so as to enable better monitoring of the impact of the ensuing project during implementation.

9. The consultant will prepare and submit an interim report covering the state tourism road map and the proposed final short list of subprojects within 7 weeks of the commencement of the TA and present it in an interim workshop.

2. Part B: Feasibility Evaluation of Priority Tourism Infrastructure and Services and/or Subprojects

10. Part B of phase 1 involves the preparation of detailed economic, financial, social, and environmental feasibility evaluations for the agreed subprojects identified in part A. The type of feasibility evaluation will depend on the specific assistance modality and the financing instrument, in accordance with ADB's relevant guidelines. This part of the TA will commence immediately after part A.

- (i) Prepare preliminary designs of the subprojects for each component. Undertake, as necessary, site inspections including review of topography, land use, geotechnical and hydrological conditions, and important site features, as well as data on land values. Assess the suitability of the site for the proposed infrastructure development. Prepare conceptual designs and cost estimates for each specific subproject (or typical designs and cost estimates where a sector-based approach is adopted) under each component.
- (ii) Confirm the categorization of the project and undertake, in accordance with ADB's environmental policy and *Environmental Assessment Guidelines* (2003) and Government policies, the required environmental assessments, depending on the specific assistance modality of the project, including (a) overall initial environmental examination (IEE) or environmental impact assessment (EIA) reports; (b) sample IEEs or EIAs for individual subprojects; (c) environmental management plans (EMPs) developed for environmentally sensitive subcomponents, covering project-specific environmental mitigating measures, monitoring indicators and plans, and organizational and institutional arrangements for implementing the monitoring and mitigation program; and (d) an environmental assessment and review framework to guide environmental assessment of subprojects during project implementation in

case a sector lending modality is adopted. The consultant will also examine the adequacy of the current related environmental regulatory framework and assess whether additional measures are required for safe and environment-friendly tourism infrastructure development. The consultants will ensure that the Government will finalize and endorse the environmental assessment documents during TA preparation.

- (iii) Following the ADB's *Handbook for Poverty and Social Analysis* (2001), and *Guidelines for Incorporation of Social Dimensions in Bank Operations* (1993) assess the poverty situation and provide a socioeconomic profile of the population in the area, including population, income levels, occupations, employment, education, health conditions, access to services such as sanitation, other data, and the local needs and preferences and willingness to pay for the improved services. Conduct additional surveys to obtain baseline information for the community-based subprojects to establish (a) the level of community commitment; (b) interest in developing community-based tourism products; (c) the type of tourist facilities and level of service required by potential tourist markets; (d) pricing policies and price sensitivity; (e) length of stay and likely daily expenditure levels; (f) timing of visits; and (g) the role of tour operators and others involved in the value chain linking the subproject site(s) with their markets. Assess the likely impact of the subproject and the project (for both community-based and noncommunity-based components) in social terms, especially reduction of poverty. Describe the social justification of the project and the rationale to describe it as an inclusive tourism project (by documenting pro-poor components, but also overall project approaches and design principles and features). Assess any potential negative impacts of tourism and the risks for vulnerable groups, including for example, trafficking and sexual exploitation, and propose measures to mitigate the impacts and risks. Assess impacts on indigenous peoples and the need to develop a development plan in accordance with ADB's *Policy on Indigenous Peoples* (1998). As part of this, identify measures to maximize positive impacts on the vulnerable, including indigenous peoples. Also undertake a gender analysis following ADB's *Policy on Gender and Development* (1998) and prepare a gender strategy and action plan for each participating state to determine how to maximize the benefits for and minimize potential negative impacts on women by the tourism industry.
- (iv) Prepare resettlement frameworks and full or short resettlement plans consistent with the project modality and financing instrument and following Government policies and ADB's *Involuntary Resettlement Policy* (1995). This will include: (a) applying a subproject selection criterion and documenting design and alignment changes to avoid or reduce land acquisition and resettlement; (b) identifying vulnerable affected persons and designing mitigation and assistance measures through consultation; (c) conducting a census of potential affected persons and a socioeconomic survey for at least 20% of affected persons to establish baselines; (d) consultation with relevant Government agencies ensuring institutional arrangements for land acquisition, compensation, and disclosure are documented—this will include an assessment of the coordination requirements among multiple agencies responsible for land acquisition, resettlement, and project implementation; (e) prepare an entitlement matrix through replacement cost surveys and an income restoration strategy; (f) prepare a framework for participation and consultation, monitoring and evaluation, and implementation (particularly building implementation capacity); and (g) a detailed indicative budget.
- (v) Prepare detailed cost estimates of the project as per ADB guidelines.

- (vi) Prepare financial and economic analysis as per the requirements of the assistance modality of the project and following ADB's *Guidelines for the Economic Analysis of Projects* (1997), *Handbook for Integrating Poverty Impact Assessment in Economic Analysis of Projects* (2001), *Handbook for Integrating Risk Analysis in the Economic Analysis of Projects* (2002), *Financial Management and Analysis of Projects* (2005), and ERD's working paper on economic analysis of sector loan projects as applicable. Undertake an assessment of financial management capacity of executing and implementing agencies in accordance with the guidelines provided in *Financial Management and Analysis of Projects*. Analyze the distribution of benefits and identify long-term monitoring and evaluation indicators and procedures.
- (vii) Identify effective, efficient, and equitable financing mechanisms for cost recovery for each subproject, especially cost recovery for operation and maintenance, including (a) identification of revenue-generation opportunities based on user fees and taxes; (b) establishment of dedicated funds for specific tourist sites and infrastructure maintenance linked to user fees; (c) differential tariffs for tourists, enterprises, and residents to allow for cross-subsidization arrangements that do not disadvantage the poor in the area; and (d) possible creation of community-based social welfare trust funds.
- (viii) Identify the tourism infrastructure subprojects that can lend themselves to public-private partnership (PPP) and make proposals for appropriate type and modality of PPPs for developing, operating, and maintaining tourism infrastructure, assets, and sites. Prepare an investment program with investment profiles prepared for a short list of highly attractive projects, along with the investment incentives that are available. Identify potential investors and organize an investment forum where the PPP-based investment program and potential projects are presented to interested investors. Assess and develop measures to address the legal, regulatory, institutional, financial, organizational, and staffing dimensions including risks and bidding climates and risk allocation and mitigation measures for proposed PPP subprojects. As required, develop a PPP contracting strategy for immediate and long term. Assist in designing PPP packages for which the bid documents and respective sets of model request for proposals, including draft contract documents will be prepared in phase 2. Also elaborate measures (building on the road map) to attract private investment to development of complementary facilities (accommodation, etc.).
- (ix) Propose an operation, maintenance and management plan for the entire project, including each subproject, combining measures for cost recovery, institutional modalities, and agencies responsible (including public, private, and community sectors) for operation and maintenance.
- (x) Propose detailed implementation arrangements for the project based on the lessons learned from the implementation of earlier tourism projects in India and elsewhere. Describe the role of each agency involved. While developing the implementation arrangements, ensure a balance between project implementation efficiency and long-term sustainability of tourism assets created. Assess the institutional capacity and constraints of the proposed executing and implementing agencies and recommend measures to strengthen their capacities.

- (xi) Prepare a procurement plan based on the project's type of assistance modality, in accordance with ADB's relevant guidelines. Prepare terms of reference for consultants to assist the state(s) in implementing the project, including in preparing detailed designs for the construction and supervision of the subprojects, building capacity, and carrying out project management and administration. Provide a design and monitoring framework following ADB's requirements with expected impact, outcomes, and outputs of the proposed project, as well as the required inputs, target benchmarks, monitoring mechanisms, and risks and assumptions.
- (xii) Finalize, based on part A's institutional and regulatory assessments and proposals, a time-framed reform agenda for the state(s) to be undertaken in conjunction with the project implementation.
- (xiii) Submit a draft final report within 4 months of the TA covering all the above outputs.

B. Phase 2

11. This phase will commence as soon as the draft final report of phase 1 is submitted. The tasks of consultants under phase 2 will include but not be limited to the following:

12. **Project Management:** The tasks will include, but not be limited to, the following: (i) assess the capacity of executing and implementing agencies to manage the activities under the ensuing loan, and identify the need for capacity building for timely and effective implementation of the proposed loan project as well as the reform agenda linked to the loan project; (ii) recommend an optimal managerial and technical personnel structure with related terms of reference for the key personnel; (iii) assist in establishing project management units (PMUs) and project implementation units (PIUs); (iv) develop and conduct training programs for the key staff to familiarize them with ADB procedures and develop their capacity to undertake project management activities effectively; (v) assist in developing detailed project management systems and procedures; (vi) assist in establishing the systems for loan implementation as applicable, e.g., subproject preparation and appraisal; (vii) provide hands-on assistance in preparing and finalizing all documentation for recruitment of consultants for project management, detailed design, and construction supervision; and (viii) provide hands-on assistance to the PMU(s) in all other project management-related activities.

13. **Procurement:** The tasks under this area will include, but not be limited to: (i) assist the project management specialist in procurement activities, (ii) assist the PMU(s) in performing possible advance procurement activities for consultant selection and civil works contracts in accordance with ADB guidelines and procedures to minimize the time lag between loan effectiveness and award of contracts, (iii) review the suggested contract packages already prepared under the proposed investment project and finalize their grouping and mode of procurement, (iv) provide on-the-job training on procurement, and (v) assist the PMU(s) in identifying the fast-track packages that can be undertaken as soon as the loan becomes effective.

14. **Detailed Design Engineering:** The tasks under this area include undertaking necessary engineering surveys and investigations and preparing detailed designs of the priority subprojects to be implemented as the first batch of subprojects under the loan.

15. **Institutional Development:** The task will include, but not be limited to, identifying the preparatory activities for implementing the reform agenda and assisting the states in taking action on the priority aspects. The consultants will assess immediate needs for capacity building based on the proposals made during phase 1 and commence implementing priority capacity-building activities. The priority institutional development activities will focus on enhancing capacities for sustainable management of the assets to be created under the project.