



Technical Assistance Report

Project Number: 41598
August 2008

India: Preparing the National Capital Region Planning Board Project (Financed by the Japan Special Fund)

CURRENCY EQUIVALENTS

(as of 1 August 2008)

Currency Unit	–	Indian rupee/s (Re/Rs)
Re1.00	=	\$0.0235
\$1.00	=	Rs42.5

ABBREVIATIONS

ADB	–	Asian Development Bank
ADTA	–	advisory technical assistance
EMS	–	environmental management system
IA	–	implementing agency
NCR	–	National Capital Region
NCRPB	–	National Capital Region Planning Board
NCT	–	National Capital Territory
PPP	–	public-private partnership
PPTA	–	project preparatory technical assistance
TA	–	technical assistance
ULB	–	urban local body

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sectors	–	Water supply, sanitation, and solid waste management; transport and communications
Subsectors	–	Water supply and sanitation, waste management, multimodal transport and sector development
Themes	–	Sustainable economic growth, environmental sustainability, capacity development
Subthemes	–	Developing urban areas, fostering physical infrastructure development

NOTE

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

Vice President	B. N. Lohani, Vice President in-Charge (Operations 1)
Director General	K. Senga, South Asia Department (SARD)
Director	H. Kim, Urban Development Division, SARD
Team leader	S. Bonu, Senior Urban Development Specialist, SARD

I. INTRODUCTION

1. The National Capital Region Planning Board (NCRPB) is a statutory body under the Ministry of Urban Development, Government of India (the Government). It was constituted under the National Capital Region Planning Board Act, 1985, enacted by parliament with the concurrence of the legislatures of the states of Haryana, Rajasthan, and Uttar Pradesh.¹ The mandate of NCRPB is to develop systematically India's National Capital Region (NCR), which covers 33,578 square kilometers spanning 14 districts in Haryana, Rajasthan, and Uttar Pradesh, and the National Capital Territory (NCT) of Delhi. NCRPB lays emphasis on building water supply, sewerage, and sanitation infrastructure in the NCR; and plans to scale up support for urban infrastructure development significantly in the next 5 years. The Government has requested a project preparatory technical assistance (PPTA) from the Asian Development Bank (ADB) to develop the NCRPB project. ADB's India country operations business plan, 2008–2010, supports urban infrastructure development, especially water supply and sewerage. It has provisions for PPTA in 2008 for preparing the NCRPB project and for a loan project in 2010.²

2. The Fact-Finding Mission visited Delhi during 28–29 February 2008 to formulate the technical assistance (TA) for preparing the NCRPB project.³ The Mission met the member Secretary and key officials of NCRPB; the Joint Secretary, Ministry of Urban Development; and representatives of the implementing agencies (IAs) that obtain financial support from NCRPB. Based on discussions with the stakeholders and a review of related documents and experiences of earlier ADB assistance to India, the Mission reached an understanding with the Government on the purpose, output, methodology, key activities, cost estimates and financing plan, implementation arrangements, design and monitoring framework (Appendix 1), and terms of reference for consultant support under the TA.

II. ISSUES

3. The NCR is a key economic regional hub in India, and its importance has grown with India's high economic growth in the past decade. This growth and the associated increase in population have put severe pressure on urban infrastructure in the NCR. Economic opportunities have attracted thousands of migrant laborers, leading to overcrowding and expansion of slums in urban fringes. Without adequate investment in priority urban infrastructure, economic growth in the NCR might slow down. Investments in urban infrastructure and basic services are also required to improve the quality of life of the urban poor. The NCR Regional Plan, 2021, aims to develop 7 metro centers and 11 regional centers. NCRPB is facilitating state governments, urban local bodies (ULBs), and development authorities to prepare master plans, development plans, and project plans for creating basic urban infrastructure in NCR towns and cities to achieve the goals set in the Regional Plan. The projects identified by NCRPB for the 11th Five Year Plan, 2007–2012, involve a total outlay of Rs150 billion (approximately \$3.8 billion) including a loan component of Rs110 billion (\$2.8 billion).

4. In addition to its lead role in regional urban planning, NCRPB is an urban infrastructure financial intermediary—it offers concession lending for effective implementation of the Regional Plan, providing funds at competitive interest rates that include a rebate system. The rebate system encourages state governments and ULBs in the region to adopt planned development of towns and cities, taking into account projected population levels and policies prescribed in

¹ Available: http://urbanindia.nic.in/moud/programme/dd/ncrpb_act.pdf

² ADB. 2007. *India: Country Operations Business Plan, 2008–2010*. Manila.

³ The TA first appeared in the business opportunities section of ADB's website on 14 April 2008.

NCRPB's regional plans. NCRPB has provided financial assistance to participating state governments, ULBs, housing boards, development authorities, and other state owned enterprises for infrastructure development projects in the NCR, and identified counter-magnet area towns⁴ over the last 20 years. NCRPB has financed 171 infrastructure projects involving total outlays exceeding Rs113 billion (\$2.8 billion) so far. It has sanctioned loans amounting to Rs39.02 billion (\$1.0 billion) and disbursed Rs26.28 billion (\$0.7 billion) as of 31 March 2007.

5. NCRPB raises finance through grants from the Government, contribution from the NCT of Delhi, funds from the capital market, and internal accruals. In the last decade, it has raised about Rs9 billion (\$225 million) through this process. The pattern of loan assistance provided by NCRPB is 25:75—the borrowing agency contributes 25% and the NCRPB loan covers a maximum 75% of the project cost. NCRPB's fund-raising operations have secured AAA (structure obligation) rating for the last few years. However, because of recent developments in the capital markets where spreads between sovereign bonds and AAA borrowers have widened, the cost of capital for NCRPB from the local bond market has increased significantly. Hence, NCRPB is exploring alternative sources of financing, including sovereign guaranteed loans from multilateral lending institutions.

6. To achieve and manage the targeted lending of Rs110 billion (\$2.8 billion) in the next 5 years, NCRPB requires lending as well as nonlending support from ADB. To develop institutional capacity for undertaking the increased challenges of NCRPB's corporate plan, strategies, and resource mobilization plan, ADB is providing advisory TA (ADTA).⁵ However, this will not be enough to meet the TA needs of NCRPB and its IAs over the next 5 years, especially for implementation support for the scaled-up investment program. Hence, the proposed lending support to NCRPB must also examine the need for TA loan support for (i) strengthening the capacity of NCRPB and the IAs for origination of projects; (ii) conducting rigorous technical, financial, economic, environment, and social safeguard due diligence; (iii) ensuring that projects protect the interests of the poor and women (Appendix 2); (iv) structuring projects for public-private partnerships (PPPs); (v) effective project appraisal; (vi) monitoring for quality assurance; (vii) procurement; (viii) timely implementation; and (ix) other aspects.

7. Additional issues to be examined include policy-related disparities within the NCR that work against moving population out of the NCT—such as local taxation rates (tax on fuel is lower in the NCT than in other NCR states) and difficulties in interstate movement of goods and people. The counter-magnet towns are far from Delhi and might not be big or attractive enough to have any influence in relation to the population distribution in the NCT. This entails critical review of the impact of various investments in counter-magnet towns. ADB investments within the NCR and counter-magnet towns must be reviewed to assess the need for additional investments and to assess the absorptive capacity of these towns.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

8. The goal of the ensuing project loan is to help people and businesses in the NCR to access systematically planned, high quality, and affordable urban infrastructure. The outcome of

⁴ The Regional Plan 2001 identified the following counter-magnet areas to the NCR for the first stage intervention: Hissar in Haryana, Gwalior in Madhya Pradesh, Patiala in Punjab, Kota in Rajasthan, and Bareilly in Uttar Pradesh. ADB's projects support Kota, Alwar, and Gwalior.

⁵ ADB. 2008. *Technical Assistance to India for Capacity Development of the National Capital Region Planning Board*. Manila.

the ensuing project loan is to (i) improve the quality of basic urban services in the NCR, (ii) reduce in-migration to Delhi and ensure the orderly development of the NCR, (iii) develop counter-magnet towns, and (iv) accelerate economic growth in the NCR. The main outcome of the TA is to design a project that identifies effective financing support to NCRPB as well as a TA loan to NCRPB and IAs to ensure effective use of the funds.

B. Methodology and Key Activities

9. The TA will undertake (i) an institutional assessment, including safeguards assessment, of NCRPB as well as various IAs that work with NCRPB; (ii) review of the road map for development of the NCR as laid out in the Regional Plan, and assessment of priority investments to accelerate implementation of the Regional Plan (including investments in counter-magnet towns); (iii) design of a lending program for NCRPB; and (iv) design of a TA loan program for NCRPB and the IAs based on the institutional assessment to improve capacity and accelerate urban infrastructure development in the NCR.

10. The TA will use various methods to conduct the situation analysis. It will review relevant national policies, laws, and plan documents; the NCR Regional Plan and NCRPB's investment plans; NCRPB's financial management and governance procedures and practices; local laws and relevant policies; safeguard laws and policies; and the capital markets and urban financing situation. It will analyze ways of integrating other government efforts to accelerate PPPs as well as related TA support from ADB. It will examine a sample of detailed project reports, quality assurance, and monitoring mechanisms for project implementation; and assess the effectiveness of institutional arrangements for project implementation. The TA will support key informant interviews with key stakeholders, including senior officials of NCRPB and IAs; senior officials of the Ministry of Urban Development and state departments of urban development; representatives from agencies responsible for safeguards and standards of safeguards; representatives from nongovernment agencies working for NCR urban development; representatives from the private sector involved in urban infrastructure development; and representatives from associations of business enterprises, academia, urban legal experts, and media.

11. The TA will support surveys and focus group discussions to assess baseline quality of life parameters; quality of life among slum dwellers; water supply, sewerage, and sanitation; environment pollution; willingness to pay for basic services as part of the poverty and social assessment; and travel time and infrastructure barriers to business enterprises in the NCR. The TA will support review of lessons from relevant ADB projects, including project completion reports and ADB Operations Evaluation Department reports;⁶ and it will review ADB investments in urban areas of the NCR and counter-magnet towns. A specialized credit rating agency (consultants) will be hired to conduct independent credit rating of NCRPB. The scope of the TA will complement the ongoing ADTA (footnote 5), and the steering committee will be tasked with ensuring complementarity. Institutional, financial, and safeguard outputs from the ADTA will be used as background analytical material by the PPTA.

12. The outputs of the TA will include an inception report, situation analysis, draft final report, and final report that will cover broadly the following aspects:

⁶ ADB. 2008. *OED PPE: IND 27132 IND: Karnataka Urban Infrastructure Development Project*, Manila; ADB. 2007. *OED PPE: IND: 29051 IND: Madhya Pradesh Public Resource Management Program*. Manila; ADB. 1999. *PHI Loan 1665 Metro Manila Air Quality Improvement*. Manila; and ADB. 2000. *PHI Loan 1745 Pasig River Environmental Management*. Manila.

- (i) **Institutional assessment.** Assessment of (a) NCRPB's financial management, credit and risk management, project appraisal, loan management, and information systems; (b) IAs' capacities; (c) NCRPB's capacity to conduct social impact assessment, including social safeguard procedures; (d) NCRPB's public consultation processes; (e) NCRPB's ability to attract private capital and cofinancing, and capacity to structure PPP deals; and (f) TA recommendations to enhance institutional capacities and project implementation support.
- (ii) **Investment needs assessment.** Assessment of the sector road map as laid out in the Regional Plan; assessment of the investment plans of NCRPB; assessment of the proposed investments for counter-magnet towns; prioritization of the investment needs; and investment recommendations based on comprehensive assessment of institutional capacities and sector road map.

C. Cost and Financing

13. The total cost of the TA is estimated at \$875,000 equivalent. The amount of \$700,000 will be financed on a grant basis by the Japan Special Fund, funded by the Government of Japan. The Government will finance the remaining \$175,000 equivalent in kind to cover remuneration, provision of office accommodation and facilities, and local transport for counterpart staff. The detailed cost estimates and financing plan are in Appendix 3. The Government has been informed that approval of the TA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

14. NCRPB will be the Executing Agency. The steering committee will be chaired by the member secretary of NCRPB; and will consist of senior NCRPB officers and representatives from the Ministry of Urban Development, Department of Economic Affairs of the Ministry of Finance, participating IAs, and nongovernment organizations engaged in urban development in the NCR. The finance director of NCRPB will be the project director and the convener of the steering committee. The steering committee will meet at least once a month during the first 4 months of TA implementation and at least once every 2 months during the remainder of the TA implementation period to guide and review TA progress.

15. The TA will be implemented in two phases. The first phase will require 48 person-months (8 international and 40 national) of consulting services. The indicative terms of reference are in Appendix 4. The three international consultants will include a lead financial specialist (4 person-months), a lead environment specialist (2 person-months), and a lead social development and resettlement specialist (2 person-months). The 40 person-months of national consultants will include an urban finance and PPP specialist and team leader (6 person-months), an infrastructure economist (3 person-months), an urban infrastructure specialist for water supply and sewerage (6 person-months), an urban infrastructure specialist for roads (3 person-months), a project management specialist (3 person-months), a financial management specialist (3 person-months), an information technology specialist (3 person-months), a procurement specialist (3 person-months), an environment specialist (5 person-months), and a social development and resettlement specialist (5 person-months). The consulting services for the second phase (10 person-months, national) will be identified around the fact-finding mission of the ensuing project, and will be used to bridge technical support for undertaking advance actions to accelerate take-off of the proposed project.

16. Activities for the first phase of the TA will be carried out by an international firm, which will be recruited using quality and cost-based selection, with a full technical proposal. Reporting will include the submission of an inception report (including a detailed work plan) within 3 weeks of commencement of the TA, a situation analysis report within 8 weeks of the start of services, a draft final report within 20 weeks of TA commencement, and a final report within 24 weeks of the TA start. Activities under the second phase will be carried out by individual consultants.

17. ADB will engage consulting firms and individual consultants in accordance with ADB's *Guidelines on the Use of Consultants* (2007, as amended from time to time). Minor equipment and office supplies will be procured using the shopping method in accordance with ADB's *Procurement Guidelines* (2007, as amended from time to time). All equipment purchased under the TA will be handed over to NCRPB after TA completion. To facilitate implementation, the TA will use an advance payment facility for workshops and surveys. The amount of the advance and its liquidation will be arranged in line with ADB's *Technical Assistance Disbursement Handbook*.⁷ The TA will be implemented over 12 months from November 2008 to October 2009—the first phase for 7 months and the second phase over the remaining 5 months.

IV. THE PRESIDENT'S DECISION

18. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$700,000 on a grant basis to the Government of India for preparing the National Capital Region Planning Board Project, and hereby reports this action to the Board.

⁷ ADB. 2008. *Technical Assistance Disbursement Handbook*. Manila.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p>Impact (potential project)</p> <p>The quality of life of people living in the NCR improves, and the NCR maintains a high economic growth rate</p>	<p>Improved water supply, sewerage, urban environment, and other parameters of urban quality of life</p> <p>Accelerated economic growth in the NCR</p>	<p>Household surveys</p> <p>Government reports</p> <p>ADB missions</p>	<p>Assumption</p> <ul style="list-style-type: none"> • Macroeconomic stability <p>Risk</p> <ul style="list-style-type: none"> • In-migration into the NCR might be overwhelming because of disparities in rural and urban incomes
<p>Outcome (potential project)</p> <p>People and businesses in the NCR have access to systematically planned, high quality, affordable urban infrastructure</p> <p>Outcome (project preparatory technical assistance)</p> <p>Design of a project for financial support to NCRPB and TA project for effective use of the funds</p>	<p>Improvement in urban infrastructure in the NCR</p> <p>NCR infrastructure is business friendly and facilitates economic growth</p> <p>Poor people in the NCR have access to affordable drinking water, sewerage, and sanitation services</p> <p>TA report acceptable to the Government and ADB prepared by May 2009</p>	<p>Independent surveys</p> <p>Government reports</p> <p>ADB missions</p> <p>Residents' survey</p> <p>TA reports</p> <p>ADB mission reports</p>	<p>Assumption</p> <ul style="list-style-type: none"> • Government is committed to NCR development <p>Risk</p> <ul style="list-style-type: none"> • Weak project implementing capacities <p>Assumption</p> <ul style="list-style-type: none"> • NCRPB fulfills agreed counterpart support to the TA
<p>Outputs</p> <p>The TA will undertake and produce the following outputs:</p> <ul style="list-style-type: none"> • Institutional assessment (including safeguards) of NCRPB and implementation agencies that work with NCRPB • Assessment of road map for the development of the NCR as laid out in the Regional Plan, and appraisal of the 	<p>Institutional, safeguard, and investment situation analysis report by February 2009</p> <p>Investment plan for urban infrastructure and institutional capacity building by April 2009</p>	<p>TA reports</p> <p>ADB missions</p>	<p>Assumption</p> <ul style="list-style-type: none"> • Good quality consultants hired <p>Risk</p> <ul style="list-style-type: none"> • Anticipated level of documentation and information not available to

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p>priority investments proposed by NCRPB to accelerate implementation of the Regional Plan</p> <ul style="list-style-type: none"> Based on the institutional assessment, the TA will design a TA loan to improve institutional capacities to accelerate urban infrastructure development in the NCR 			<p>the consultants to conduct situation analysis</p>
<p>Activities with Milestones</p> <p>A. TA Activities</p> <p>1. Institutional Assessment:</p> <p>1.1 Assessment of NCRPB's financial management, credit and risk management, project appraisal, loan management, and information systems (February 2009)</p> <p>1.2 Assessment of implementing agencies' capacities (February 2009)</p> <p>1.3 Assessment of safeguard procedures and social safeguard capacities (February 2009)</p> <p>1.4 Assessment of public consultation process (February 2009)</p> <p>1.5 Baseline surveys (February 2009)</p> <p>1.6 Assessment of ability to attract private capital and cofinancing, and structure public-private partnership deals (February 2009)</p> <p>1.7 Preparation of environmental management system and safeguard frameworks (April 2009)</p> <p>1.8 Develop TA recommendations to enhance institutional capacities (April 2009)</p> <p>2. Investment Needs Assessment:</p> <p>2.1 Assessment of the sector road map as laid out in the Regional Plan (February 2009)</p> <p>2.2 Assessment of NCRPB's investment plans (February 2009)</p> <p>2.3 Prioritization of investment needs (April 2009)</p> <p>2.4 Preparation of investment recommendations based on comprehensive assessment of institutional capacities and sector road map (April 2009)</p> <p>2.5 Assessment of project preparedness of the implementing agencies (April 2009)</p> <p>B. Milestones:</p> <ul style="list-style-type: none"> TA fact-finding mission February 2008 Finalize TA paper and obtain approval August 2008 Commence TA implementation November 2008 Inception report December 2008 Situation analysis report February 2009 Draft final report April 2009 Final TA report May 2009 			<p>Inputs</p> <p>ADB</p> <ul style="list-style-type: none"> ADB: \$700,000 ADB staff inputs: 2 person-months over the TA implementation period <p>NCRPB and Implementing Agencies in the NCR</p> <ul style="list-style-type: none"> Counterpart staff Office accommodation and transport Administrative services Facilities for meetings

ADB = Asian Development Bank, NCR = National Capital Region, NCRPB = National Capital Region Planning Board, TA = technical assistance.

INITIAL POVERTY AND SOCIAL ANALYSIS

Country and Project Title: India: Preparing the National Capital Region Planning Board Project

Lending or Financing Modality: Multitranches Financing Facility Department and Division: South Asia Department
Urban Development Division

I. POVERTY ISSUES

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

The Government's poverty reduction strategy is presented in the approach paper to the 11th Five Year Plan, 2007–2012. It sets a high growth rate of 10% by the end of the plan period, and aims to reduce disparities across regions and communities by ensuring access to basic physical infrastructure as well as health and education services for all. The country operations business plan 2008–2010^a of the Asian Development Bank (ADB) has been prepared as part of the larger India country partnership strategy 2008–2012, which is expected to be finalized in 2008. The country partnership strategy is being closely aligned with the priorities of India's 11th Five Year Plan and will support the Government's efforts toward promoting broad-based and inclusive growth, catalyzing investments, and improving the effectiveness of development interventions. Support for urban infrastructure development is a core focus of ADB's India assistance strategy over 2008–2010.

The technical assistance (TA), which aims to prepare an investment project for urban infrastructure and services, will contribute to social development by (i) supporting regional and integrated development in the National Capital Region (NCR); (ii) boosting economic growth in the NCR and creating more jobs; (iii) improving urban infrastructure including water supply, sewerage, and sanitation; and (iv) enhancing the quality of life of people living in the NCR. The project will contribute to human development, public health improvement, and enhanced productivity.

B. Targeting Classification

1. Select the targeting classification of the project:

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

2. Explain the basis for the targeting classification: Not applicable.

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?

Poverty and social analysis will be carried out to determine the socioeconomic profile of the population, urban poverty incidence, the nature and characteristics of poverty, and perceived priorities of the poor. The poverty analysis will track potential adverse effects over the short, medium, and long term for the poor and excluded groups. It will review options to eliminate such negative effects through design changes or mitigating measures to be included in the project design and costed as part of the total project cost. The poverty analysis will also review options to extend or enhance benefits for the poor and exclude options through design changes in the scope and/or pace of the policy conditions.

2. What resources are allocated in the project preparatory technical assistance (PPTA)/due diligence?

International and national consultants are being proposed to conduct social safeguard and social development due diligence in addition to adequate funds being allocated for studies and surveys.

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)?

There is opportunity for pro-poor design by concentrating the investments that have maximum impact on poverty alleviation and improving the quality of life of the poor, and by geographically targeting some investments toward upgrading of slums.

II. SOCIAL DEVELOPMENT ISSUES	
A. Initial Social Analysis	
Based on existing information:	
<p>1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project?</p> <p>People and enterprises in the NCR are the primary beneficiaries of the proposed project. The poor and socially excluded will benefit directly and indirectly. Economic growth boosted by project-financed infrastructure investments will increase job opportunities for the poor. Investments in water supply, sewerage, and sanitation will help the poor directly by improving access to basic urban services.</p>	
<p>2. What are the potential needs of beneficiaries in relation to the proposed project?</p> <p>Urban infrastructure—including water supply, sewerage, sanitation, roads, and solid waste management—are critical needs of people living in or commuting to urban areas of the NCR. Because of previous poor investments in urban infrastructure and rapid urbanization, urban infrastructure facilities are either run-down or nonexistent in many parts of the NCR. Poor urban infrastructure has stunted economic growth and increased the vulnerability of urban residents, especially the poor.</p>	
<p>3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them?</p> <p>Potential constraints are the poor financial status of urban local bodies (ULBs), their limited access to capital for urban infrastructure development, and their limited capacity to design and implement projects. The proposed project, among others, will increase ULBs' access to competitively priced capital to undertake priority urban infrastructure projects. An associated advisory TA will be addressing the capacity constraints.^b</p>	
B. Consultation and Participation	
<p>1. Indicate the potential initial stakeholders.</p> <p>Potential initial stakeholders include the Ministry of Urban Development, state governments, National Capital Region Planning Board (NCRPB), ULBs and urban state-owned enterprises operating in the NCR, nongovernment agencies, NCR citizens, NCR businesses, etc.</p>	
<p>2. What type of consultation and participation is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)?</p> <p>Given the wide variety of stakeholders, various types of consultations and stakeholder participation will be required during the PPTA. These include workshops, focus group discussions, key informant interviews, and involvement of nongovernment organizations and community-based organizations.</p>	
<p>3. What level of participation is envisaged for project design?</p> <p><input checked="" type="checkbox"/> Information sharing <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaborative decision making <input type="checkbox"/> Empowerment</p>	
<p>4. Will a consultation and participation plan be prepared? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please explain.</p> <p>Based on the stakeholder analysis, a participation strategy/plan will be prepared outlining how to involve each stakeholder at different stages of the project cycle. Emphasis will be on ensuring fair representation of each group's interest, especially the poor and excluded.</p>	
C. Gender and Development	
<p>1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?</p> <p>Women suffer the most from poor access to water supply, sewerage, sanitation, and solid waste management as they are primarily responsible for managing these services in households. Poor access to these services leads to drudgery, poor hygienic working and living conditions, vulnerability to abuse, and hardship. By improving access to these basic urban services for the poor, the project will help in reducing the drudgery of women in the project area and improve their quality of life.</p>	
<p>2. Does the proposed project or 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Women will benefit from the investments in water supply, solid waste, and sanitation to be supported by the proposed project by reducing the drudgery associated with lack of such services or poor services. Women's</p>	

ownership and involvement in the project will enhance the sustainability and viability of the project outputs. The PPTA will design specific measures to ensure that women actively participate in the project design and identification of options as well as project implementation, and that the project addresses differential gender needs. A gender action plan will be prepared during due diligence.

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

Yes No

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	Most of the improvements will be carried out on rights-of-way and government land, and land acquisition will be minimal. As the proposed support is for a financial intermediary, a resettlement framework will be prepared.	Insignificant involuntary resettlement impact	<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	Although no adverse impact is expected on indigenous people, as the support is for a financial intermediary, the PPTA will support the preparation of an indigenous peoples development framework.	Significant and generally positive impact	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> Indigenous Peoples Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Labor <input type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards	The project will not lead to any job losses. Construction, operation, and maintenance, and the resultant economic boost from infrastructure proposed to be supported by the ensuing project are likely to generate significant employment opportunities.	No impact	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability	Design options for infrastructure services will consider affordability to the households.	No impact	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input type="checkbox"/> Others (conflict, political instability, etc.), please specify	No other risks or vulnerabilities identified.	No impact	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain

IV. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

- Do the terms of reference for the PPTA include poverty, social and gender analysis and the relevant specialists?
 Yes No If no, please explain why.
- Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and consultation and participation during the PPTA or due diligence? Yes No

^a ADB. 2007. *India: Country Operations Business Plan, 2008–2010*. Manila.

^b ADB. 2007. *India: Capacity Development of the National Capital Region Planning Board*. Manila.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. Asian Development Bank (ADB) Financing ^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	200.0
ii. National Consultants	280.0
b. International and Local Travel	50.0
c. Reports and Communications	20.0
2. Equipment ^b	15.0
3. Workshops and Field Trips ^c	25.0
4. Surveys and Credit Rating Assessment ^d	55.0
5. Miscellaneous Administration and Support Costs	10.0
6. Representative for Contract Negotiations	5.0
7. Contingencies	40.0
Subtotal (A)	700.0
B. Government Financing	
1. Office Accommodation and Transport ^e	60.0
2. Remuneration and Per Diem of Counterpart Staff	40.0
3. Others	75.0
Subtotal (B)	175.0
	875.0

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

^b Computers, printers, audiovisual, and office equipment.

^c Workshops, among others, on Regional Plan and investment program of the National Capital Region Planning Board, pro-poor and gender-sensitive urban infrastructure, slum improvement, public-private partnership, and dissemination of technical assistance findings. Field visits to ADB's other projects in India of the National Capital Region Planning Board implementing agencies and other best practices in India.

^d Surveys to assess the baseline information pertaining to proposed project support. Credit rating assessment will be undertaken by specialized agency to be hired separately on a competitive basis. Surveys and credit rating assessments to be undertaken through consultants.

^e Transport costs include only those for government counterpart staff; office accommodation is for both consultants and counterpart staff. In view of space limitations, only limited office accommodation will be possible for the consultant firms.

Source: ADB estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Urban Finance and Public-Private Partnership (PPP) Specialist and Team Leader (national, 6 person-months)

1. The team leader will be an urban finance specialist with at least 10 years of experience in urban finance and structuring urban PPPs. As the team leader, the specialist will (i) lead the technical assistance (TA) with the project director and deputy team leader; (ii) prepare a task matrix for consultants and counterparts; (iii) monitor the inputs of the consultants and coordinate with the task manager of the Asian Development Bank (ADB); (iv) coordinate missions from ADB and arrange all meetings, field trips, and arrange and participate in various consultations; (v) ensure the quality of the consultant inputs; (vi) be responsible for delivering various outputs under the TA including the inception report, situation analysis report, draft final report, and final report; and (vii) coordinate submission of individual reports of other consultants to the ADB task manager. The team leader will ensure that the investment component and TA loan component of the outputs are of the highest standard. The urban finance and PPP specialist will review the proposed pipeline of projects to be financed by the National Capital Region Planning Board (NCRPB) to assess their relevance to the National Capital Region (NCR) Regional Plan, sector road map for NCR development, ADB's urban investments in the NCR, and counter-magnet town investment rationale. In association with the lead financial specialist, he/she will conduct due diligence on implementing agencies' (IAs') abilities to fund the operations and maintain the assets. The team leader will also assess the projects for potential PPP and participation of private capital. Based on the assessment of NCRPB and IAs' capacities for PPP, the team leader will propose a TA loan component to strengthen the PPP capacities of these institutions.

B. Lead Financial Specialist (international, 4 person-months)

2. The consultant should have a Master's degree in Business Administration (MBA) with specialization in finance and at least 10 years of experience in the banking sector. The scope of work will include analysis of operations and internal policies, evaluation of the current and projected financial position, review of related party transactions and corporate governance, and review of NCRPB audit policies. Detailed tasks include (i) evaluating NCRPB's business model and associated business plan; (ii) assessing NCRPB's internal structure and organization and its appropriateness in meeting business plan targets; (iii) reviewing NCRPB's lending structure and policies; (iv) evaluating NCRPB's risk management, asset-liability management, credit appraisal, and financial policies, and assessing their suitability in light of NCRPB's business plan; (v) evaluating NCRPB's collateral valuation process and perfection arrangements (if any) and minimum required loan to collateral ratio compared to private commercial bank market practice; (vi) reviewing the existing exposure limit policy of NCRPB; (vii) evaluating NCRPB's current financial position; (viii) examining NCRPB's capital adequacy relative to India bank requirements and Bank for International Settlements guidelines; (ix) reviewing NCRPB's own 5-year financial projections and evaluating the reasonableness of the assumptions used in the balance sheet, cash flow, and income statements; (x) reviewing the accounting standards followed in the most recent annual report, comparing them with International Accounting Standards, identifying major differences, and preparing key income, cash flow, and balance sheet data using International Accounting Standards; (xi) reviewing and commenting on NCRPB's business plan and how this is translated in its financial projection; (xii) estimating total contingent liabilities, breakdown by type, and highlighting any major legal cases outstanding that could result in claims on NCRPB, if any; and (xiii) identifying all existing credit facilities available to NCRPB. The consultant will provide a grid showing the lending institution, tenor, amount, maturity; review major borrowers/recipients of guarantees that are subsidiaries, affiliates and/or shareholders of banks, assess the adequacy of the current and proposed controls and

procedures and determine the extent to which related party transactions are, or will potentially be, a problem; review NCRPB's contingent liabilities related to its shareholding and substantial credit exposures to its affiliates and/or subsidiaries etc. or other government owned/controlled institutions which could have a negative effect on its financial standing; review the structure and composition of the board of directors, the selection process that is used, and the members' terms of reference.

C. Infrastructure Economist (national, 3 person-months)

3. The consultant will have at least a Master's degree in Economics with 5 years' experience in infrastructure project economic and financial analysis. The economist will have two major tasks: conducting macroeconomic and sector analysis, and economic analysis of NCRPB's proposed investment pipeline. The detailed tasks related to macroeconomic and sector analysis are as follows: (i) reviewing the state of the prevailing macroeconomic situation in India and identifying key constraints to growth in the NCR; (ii) based on the latest documents from the Planning Commission and Economic ministries, examining linkages between growth prospects and infrastructure development in the NCR; (iii) reviewing the infrastructure sector in India with reference to urban infrastructure including water, with special emphasis on the NCR; (iv) providing analysis of each subsector (water, sewerage, roads, solid waste) and identifying key constraints; (v) evaluating Government of India infrastructure development initiatives (including infrastructure PPPs) and providing an assessment of progress in achieving objectives and their linkages to the NCR and NCRPB; (vi) analyzing legislative and regulatory issues and reform requirements to promote greater private sector participation and PPP-type arrangements; (vii) reviewing major legislation affecting NCRPB including licensing, supervision, and other relevant regulations; and (viii) highlighting major changes in the financial institutional and regulatory framework in India during the past 5 years, and any changes that are proposed by the authorities. The consultant will also support the team leader in conducting economic analysis of NCRPB's proposed project pipeline with respect to sector goals and the NCR Regional Plan.

D. Lead Environment Specialist (international, 2 person-months)

4. The consultant will conduct due diligence assessment of the financial intermediary and prepare environmental assessment documents to comply with relevant national laws and ADB's *Environment Policy* (2002). The due diligence assessment will ensure a comprehensive description of current environmental procedures, staff environmental capabilities, environmental aspects of existing portfolio and representative subprojects to be financed by NCRPB, environmental services, and other issues and plans for the future. Specific tasks include (i) evaluation of NCRPB's environmental management system (EMS); (ii) identification of compliance gaps with ADB's *Environment Policy* requirements for EMSs, which includes identification of key officers and staff responsible for environmental management and evaluation in terms of training and experience; scrutiny of NCRPB's environmental policy to ensure that it provides for the necessary mandate to integrate environmental and social considerations in NCRPB's operations and provide development of procedures to ensure compliance with environmental laws and regulations; and assessment of procedures used for monitoring and review of environmental performance; (iii) preparation of recommendations and an action plan for improvements required to NCRPB's EMS, including recommendations on those needed to meet ADB safeguards policies; (iv) preparation of an environmental assessment report following Appendix 7 of ADB's *Environmental Assessment Guidelines*¹ (to include an environmental assessment and review framework for subprojects including environmental subproject selection

¹ ADB. 2003. *Environmental Assessment Guidelines*. Manila.

guidelines); and (v) review of the sample subproject feasibility reports and finalization of the required environmental assessment reports for the sample subprojects based on ADB's *Environment Policy*.

E. Lead Social Development and Resettlement Specialist (international, 2 person-months)

5. The consultant will prepare resettlement and indigenous peoples planning documents to comply with national laws and ADB's *Involuntary Resettlement Policy* (1995) and *Policy on Indigenous Peoples* (1998). Specific tasks include (i) conducting a social safeguards due diligence assessment describing how NCRPB addresses involuntary resettlement and issues concerning indigenous people; (ii) based on the review, preparing recommendations and an action plan for improvements required to NCRPB's social safeguards system concentrating on those needed to meet ADB safeguards policies; (iii) preparing a resettlement framework and an indigenous peoples development framework consistent with ADB policies, including subproject selection guidelines that reflect social safeguard considerations; (iv) reviewing the sample subproject feasibility reports developed by IAs, and finalizing the required involuntary resettlement and indigenous peoples development planning reports for the sample subprojects based on ADB's classification system; and (v) if involuntary resettlement impacts are found to be significant, a full resettlement plan will be prepared for the subproject in consultation with affected persons. Resettlement plans will be consistent with the Government policies and ADB's *Involuntary Resettlement Policy* and the resettlement framework. If the subproject has significant impacts on indigenous peoples and they positively or negatively (i) affect their customary rights of use and access to land and natural resources; (ii) change their socioeconomic status; (iii) affect their cultural and communal integrity; (iv) affect their health, education, livelihood, and social security status; or (v) alter or undermine the recognition of indigenous knowledge, an indigenous peoples development plan will be prepared. If impacts are not significant, specific actions in favor of indigenous peoples can be incorporated within the resettlement plan formulated for the subproject. Indigenous peoples development plans will be consistent with the Government policies and ADB's *Policy on Indigenous Peoples* and the indigenous peoples development framework; the consultant will address comments based on the review of the Executing Agency and ADB in finalizing the resettlement plans and indigenous peoples development plans.

F. Social Development and Resettlement Specialist (national, 5 person-months)

6. The consultant will be tasked with establishing and ensuring that the social safeguards cell of NCRPB has adequate capacity to perform required tasks relating to social safeguards, including resettlement. Initially, the consultant will be required to take over the functions of the cell, which would be passed on to NCRPB staff (additional support to be assessed and provided in phase II of the TA) as they become more familiar with the common framework and monitoring functions. The tasks will also include developing, monitoring, and evaluation of documentation and formats to enable the environment and social safeguards cell to evaluate projects submitted to financing under ADB funds and address the requirement to prepare social assessments including social safeguards. This will include visiting project sites, procuring documentation and analyzing it in relation to the common framework, and advising NCRPB on the compliance status of the subprojects being considered for financing. The consultant will also undertake poverty and gender assessment in accordance with requirements highlighted in the initial poverty and social analysis (Appendix 2). The consultant will also conduct environment due diligence assessment of at least 10 representative projects that NCRPB may finance.

G. Environment Specialist (national, 5 person-months)

7. As a Financial Intermediary, NCRPB will require an EMS that complies with ADB's *Environment Policy* to receive ADB lending. The consultant will be tasked with supporting the international lead environment specialist and ensuring that NCRPB's environment cell has adequate capacity to perform required tasks relating to environmental safeguards. Initially, the consultant will be required to take over the functions of the cell, which will be passed on to NCRPB staff (along with additional support to be determined and provided through phase II of the TA) as they become more familiar with the common framework and monitoring functions. The consultancy will include developing, monitoring, and evaluation of documentation and formats to enable the environment safeguards cell to evaluate projects submitted for environmental safeguard compliance. This will include visiting project sites, procuring documentation, preparing due diligence reports and analyzing them in relation to the common framework, and advising NCRPB on the compliance status of the subprojects being considered for financing. The specialist will also conduct environment due diligence assessment of at least 10 representative projects that NCRPB may finance.

H. Urban Infrastructure Specialist (Water Supply and Sewerage) and Deputy Team Leader (national, 6 person-months)

8. The consultant should have at least 10 years experience in project identification, preparation of detailed project reports, project appraisal, project implementation, and institutional understanding of urban infrastructure agencies including urban local bodies (ULBs). The deputy team leader's main task will be to lead a team—comprising a municipal infrastructure specialist (roads), project management specialist, financial management specialist, information management specialist, and procurement specialist—to conduct institutional due diligence of NCRPB's 10 biggest borrowers to identify key institutional gaps in these IAs and recommend project implementation units in these IAs, among others, to enhance the capacities of these IAs to accelerate a scaled-up urban infrastructure development program. This team will conduct technical, financial, project management, project-related information, and procurement due diligence of the 10 largest IAs. Based on this due diligence, it will prepare a fully costed TA loan program for NCRPB and the IAs that will help improve project implementation capacities. In addition, the municipal infrastructure specialist will conduct due diligence of the IAs with respect to water supply and sewerage project identification, project preparation, project implementation, and quality assurance. Based on the identified capacity limitation and gaps, the consultant will propose a TA support program for the IAs.

I. Urban Infrastructure Specialist (Roads) (national, 3 person-months)

9. The consultant should have at least 7 years experience in urban infrastructure related to roads, bridges, and drainage systems. Work experience with urban local bodies and on projects financed by ADB and/or World Bank would be preferred. The consultant will work closely with the deputy team leader to conduct technical due diligence of the 10 largest IAs with respect to the IAs' technical and project implementation capacities relating to roads, bridges, and drainage projects. Based on the assessments, the consultant will help the deputy team leader design the TA loan program for strengthening the IAs' capacities.

J. Project Management Specialist (national, 3 person-months)

10. The consultant should have at least 7 years experience in managing large and complex infrastructure projects with reputed international and/or national firms. Certification in project management by a reputed international agency would be preferred. The consultant will work closely with the deputy team leader to conduct project management due diligence of the

10 largest IAs with respect to their project management capacities. Based on the assessments, the consultant will help the deputy team leader design the TA loan program for strengthening the IAs' project management capacities.

K. Financial Management Specialist (national, 3 person-months)

11. The consultant should have at least 7 years experience in corporate financial management. A chartered accountant or MBA (finance) or cost accountant would be preferred. The consultant will work closely with the deputy team leader to conduct financial management due diligence of the 10 largest IAs with respect to financial management of project-related activities. The specialist will (i) conduct a financial management assessment of the 10 largest IAs of NCRPB in accordance with ADB's *Guidelines for the Financial Governance and Management of Investment Projects Financed by ADB*² that will include a review of (a) corporate planning and budgetary controls, (b) financial and management accounting and reporting, (c) internal control and audit systems, and (d) data processing; and (ii) review current accounting, financial management, and control systems and suggest ways to improve them based on the results of due diligence and best practices in the form of a TA loan component.

L. Information Technology Specialist (national, 3 person-months)

12. The consultant should have at least 7 years experience in information and communication technology management in a large infrastructure corporation. A Master's degree in Database Management Systems and/or Information Technology related to project management would be preferred. The consultant will work closely with the deputy team leader to conduct information technology due diligence of the 10 largest IAs with respect to use of information technology in project-related activities. The specialist will (i) conduct an information and communication technology assessment of the 10 largest IAs of NCRPB, (ii) assess how information and communication technology best practices can be adopted by these IAs to increase the effectiveness of project implementation, and (iii) support IA field trips to showcase best practices in information and communication technology for project implementation. Based on the assessment, the consultant will propose TA for integrating information and communication technology to improve project implementation.

M. Procurement Specialist (national, 3 person-months)

13. The consultant should have at least 7 years experience in managing procurement on large and complex infrastructure projects, preferably urban infrastructure in a large infrastructure corporation. Previous work experience in procurement on an ADB and/or World Bank-financed project would be preferred. The consultant will work closely with the deputy team leader to conduct urban infrastructure procurement due diligence of the 10 largest IAs with respect to project related procurement activities. The specialist will (i) conduct a procurement assessment of the 10 largest IAs of NCRPB, (ii) support IA field trips to showcase best practices in procurement for project implementation, and (iii) examine how information technology can be mainstreamed to improve procurement practices. Based on the assessment, the consultant will propose TA for strengthening procurement to improve project implementation.

² ADB. 2002. *Guidelines for the Financial Governance and Management of Investment Projects Financed by ADB*. Manila.