



# Technical Assistance Report

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Project Number: 42487  
Capacity Development Technical Assistance (CDTA)  
March 2009

## India: Capacity Development to Enhance Project Readiness and Results Monitoring for Transport Projects (Financed by the Japan Special Fund)

## CURRENCY EQUIVALENTS

(as of 18 March 2009)

Currency Unit	–	Indian rupee/s (Re/Rs)
Re1.00	=	\$0.0194
\$1.00	=	Rs51.4800

## ABBREVIATIONS

ADB	–	Asian Development Bank
DEA	–	Department of Economic Affairs
PEA	–	project executing agency
EMP	–	environmental management plan
FIDIC	–	International Federation of Consulting Engineers
IPDP	–	indigenous people development plan
NGO	–	nongovernment organization
TA	–	technical assistance
TPRM	–	tripartite portfolio review meeting

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Type</b>	–	Capacity development technical assistance (CDTA)
<b>Targeting Classification</b>	–	General intervention
<b>Sector</b>	–	Transport and communications
<b>Subsector</b>	–	Roads and highways, railways
<b>Theme</b>	–	Capacity development, Sustainable economic growth
<b>Subtheme</b>	–	Organizational development

## NOTE

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

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## I. INTRODUCTION

1. Dialogue between the Government of India (the Government) and the Asian Development Bank (ADB) has highlighted the need for enhancing the project implementation capacity of agencies implementing ADB-financed projects. The ADB Fact-Finding Mission met with the Department of Economic Affairs (DEA) in October 2008 to prepare the technical assistance (TA) and reached an understanding with the Government on its impact, outcome, scope, implementation arrangements, and terms of reference.<sup>1</sup> The concept paper of the TA was approved by the vice-president of ADB on 22 October 2008. The design and monitoring framework is in Appendix 1.

## II. ISSUES

2. ADB provides support to India in transport sector development as a core infrastructure operation for inclusive economic growth. Since 2003 the focus of ADB's interventions has increasingly shifted toward relatively poorer states with weak capacity, supporting the Government's efforts to narrow interstate disparities. Smaller and comparatively weaker states have very limited financial and technical capacity to prepare and implement projects. As a development finance institution committed to poverty reduction, ADB is committed to working in states where capacity is weak.

3. Many ongoing ADB-financed transport projects in India experience delays that are mostly attributable to (i) the lack of safeguard considerations in selecting and preparing investment, as well as insufficient support for safeguard planning and implementation, and (ii) the gap between the feasibility phase and the construction phase in support for executing agencies, which are often unfamiliar with ADB procedures for procuring civil works contracts and recruiting consultants.

4. Typically in ADB-financed transport projects, the executing agency implementing ADB-financed projects (project executing agency or PEA) is a government public works or road construction agency. The PEA establishes in its headquarters a project management unit responsible for initial procurement and safeguard activities and supervising progress. The PEA also establishes project implementation units, each headed by a project manager, who is responsible for implementation in the field. The project managers are delegated adequate technical and administrative authority for expeditious project implementation.

5. To support capacity development for preparing projects in a timely and cost-effective manner, the \$15 million TA Cluster for Project Processing and Capacity Development has been successfully implemented.<sup>2</sup> The need remains for further capacity enhancement to improve project readiness, focusing on project implementation capacity. Capacity assessment during project preparation in past ADB-financed transport projects and quarterly tripartite portfolio review meetings (TPRMs) reveal that PEAs require capacity enhancement in procurement, environment, social development, resettlement, economics, and monitoring results.

6. The Government and ADB have made various efforts to enhance project readiness so that approved projects can be implemented without unnecessary delay. The Government and ADB have held TPRMs where progress in achieving project results is reviewed by the

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<sup>1</sup> The TA first appeared in the business opportunities section of ADB's website on 30 October 2008.

<sup>2</sup> ADB. 2006. *Technical Assistance Cluster to India for Project Processing and Capacity Development*. Manila.

management and project implementation staff of ADB's India Resident Mission and South Asia Department, senior DEA officials, and state nodal officers and project directors or other senior representatives. TPRMs have greatly strengthened project implementation and facilitated cross-learning among projects, sectors, and states. The focus of TPRMs is now to track progress in sector and country outcomes, which is beyond the mere monitoring of contract awards and disbursements. While national and sector data are drawn from central and state government sources, ADB project-specific output and outcome indicators have to be tracked jointly by ADB and PEAs. For this purpose, it is indispensable to enhance capacity in preparing the design and monitoring framework, collecting reliable baseline data, and strengthen monitoring systems.

7. Another recent Government initiative is to institute a project-readiness checklist. This requires PEAs that apply for ADB loans to undertake preconstruction activities while the loan is being processed. The checklist includes proper staffing of the project management unit, bid document preparation and evaluation, land acquisition, environmental clearance, and the provision of adequate budgeting required for project implementation. Recent state roads projects in India have addressed these issues and substantially reduced implementation delays. This experience suggests that it is necessary for ADB to work closely with government agencies to ensure project readiness by providing more continuous support and advice on aspects of project implementation. More continuous support and advice are required to sustainably enhance project readiness and monitoring results.

8. As ADB has a significant pipeline of investment projects in the transport sector in India, and as efficient implementation with minimal delay is required, ADB's support for developing the capacity of PEAs toward enhancing project readiness is necessary. The TA will help government agencies to acquire and adapt international best practices in procurement and safeguard activities for projects financed by other sources as well and, at the same time, ensure timely and expert project implementation. Results orientation and knowledge solutions are core focuses of ADB's draft country partnership strategy for India (2008–2012).<sup>3</sup>

9. The country assistance program evaluation observes that external development agencies such as ADB make themselves useful to the government's development efforts beyond the volume of their financial assistance by bringing in international best practices and sharing development experience, developing capacity, and instilling discipline in project design and implementation through transparent and standardized procurement procedures and documentation. The TA will significantly improve the quality of projects at entry and improve the development outcomes of ADB's transport projects in India.

### **III. THE TECHNICAL ASSISTANCE**

#### **A. Impact and Outcome**

10. The impact of the TA will be improved implementation readiness in transport infrastructure projects in India. Delays and the consequential cost overruns will be minimized. The TA will strengthen efficiency and ownership in project implementation from an early stage of project preparation. While government agencies have certain capacity to prepare and implement projects, there is room for enhancing it in regard to timeliness and quality of procurement and safeguard activities, and adopting international best practices. Enhancing capacity in evaluating project economics and in monitoring development impacts will help improve the quality for future projects by taking lessons into account.

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<sup>3</sup> ADB. Forthcoming. *Country Partnership Strategy (2008-2012): India*. Manila.

## B. Methodology and Key Activities

11. The fundamental methodology of the TA is to facilitate project execution with greater results orientation by enhancing the knowledge and skills of PEAs and sharing project-specific experience among PEAs. This will enable each PEA to adopt best practices more effectively. The TA will provide a platform for sharing best practices among PEAs. The TA is expected to target ADB-financed projects, but other projects could be considered.

12. The TA will involve the following activities in procurement, safeguard implementation, economics, and monitoring of development indicators.

- (i) **On-the-job training.** The TA consultant will assist PEAs in project implementation through on-the-job training and advice on (a) ADB bidding documents and procedures and International Federation of Consulting Engineers (FIDIC) documents and FIDIC-based contract management; (b) ADB policies on resettlement and indigenous peoples and the implementation of resettlement plans and indigenous peoples development plans, including the management of their consultants and/or nongovernment organizations (NGOs); (c) ADB policies on gender and social protection and the implementation of relevant measures for mitigating social impacts, including the management of their consultants and/or NGOs; (d) ADB policies on the environment and the implementation of environmental management plans; and (e) ADB guidelines for project economics and design and for monitoring frameworks.
- (ii) **Surveys.** The consultant will undertake the required surveys in coordination with PEAs, especially those requiring improved techniques and skills. They may include baseline surveys of key indicators and of skills required for monitoring and supervising safeguard activities such as census verification and updating. The consultant may prepare a brief manual of such surveys so that PEAs will be able to undertake surveys for future projects. Initially, the simplest and most suitable methods will be recommended to PEAs for their undertaking of such surveys using optimal resources.
- (iii) **Workshops and training.** To sustain capacity development, workshops and training will be provided. Country-wide workshops can facilitate information and experience exchange among various government officials, enhancing project quality and readiness. International best practices and their effective application in local contexts can be shared and further developed.
- (iv) **Site visits.** PEA officials will visit other project offices to exchange experiences and learn and develop best international practices adapted to local conditions. Project-specific issues and solutions can be shared to mitigate avoidable problems in project implementation. The consultant will facilitate these activities and consolidate practices to be shared among PEAs.

## C. Cost and Financing

13. The TA is estimated to cost \$1,875,000 equivalent, of which \$1,500,000 equivalent will be financed on a grant basis by the Japan Special Fund, funded by the Government of Japan. The Government will contribute \$375,000 equivalent in kind by providing office accommodation,

support facilities, counterpart staff, maps, reports, and other logistical support. The cost estimates and the financing plan are in Appendix 2.

#### **D. Implementation Arrangements**

14. DEA will be the Executing Agency of the TA. Candidate PEAs will be those applying for and obtaining ADB loans such as state road agencies. These PEAs will ask DEA and ADB for capacity development from the TA, and those that receive capacity development will provide the in-kind support. Tripartite meetings will be held regularly among PEAs, DEA, and ADB to discuss outstanding issues and actions to be taken to address them. All equipment for the TA will be procured according to ADB's *Procurement Guidelines* (2007, as amended from time to time) and turned over to the Government upon TA completion. Disbursements under the TA will be done in accordance with ADB's *Technical Assistance Disbursement Handbook*.<sup>4</sup>

15. Consultants' activities will be closely monitored to ensure that PEAs are the primary authors of bidding, social, environmental, and resettlement documents, thus making the capacity development more sustainable. Consulting services can be provided only after the project management unit is established and, for procurement tasks, the procurement committee is established and, for safeguard-related tasks, the safeguard nodal officers appointed. This condition will help expedite the appointment of these officials.

16. It is expected that about 10 PEAs will enjoy capacity development under this TA. The consultants will visit each PEA regularly and maintain day-to-day communication to provide guidance as needed.

17. The TA will be implemented over 12 months, from March 2009 to February 2010, and will require 10 person-months of international consulting services and 88 person-months of national consulting services. Individual consultants will be engaged for procurement (1 international expert for 5 person-months and 2 national experts for 22 person-months), resettlement (2 national experts for 22 person-months), social development (2 national experts for 22 person-months), environment (2 national experts for 22 person-months), and transport economics (1 international expert for 5 person-months). ADB will recruit the consultants in accordance with its *Guidelines on the Use of Consultants* (2007, as amended from time to time). The outline terms of reference for the consultants are in Appendix 3.

18. Each consultant will submit (i) an inception report within 1 month of engagement, elaborating the initial work program after consultation with DEA, PEAs and ADB; (ii) monthly progress reports and working papers as required in each project assigned, providing a summary of activities, an assessment of capacity-related issues, and recommendations to enhance capacity; (iii) the draft final report 1 month before TA completion, summarizing all activities undertaken, assessing in detail capacity enhancement, and recommending how capacity can be further enhanced.

19. Three nationwide workshops and trainings will be conducted during TA implementation in procurement, safeguard matters, and economic and development impacts of projects. The workshops will facilitate the exchange of information among government officials. The second workshop, occurring about 9 months after TA commencement, will discuss actions required for the remaining period of TA implementation and future requirements after the TA.

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<sup>4</sup> ADB. 2008. *Technical Assistance Disbursement Handbook*. Manila.

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

20. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$1,500,000 on a grant basis to the Government of India for Capacity Development to Enhance Project Readiness and Results Monitoring for Transport Projects, and hereby reports this action to the Board.

### DESIGN AND MONITORING FRAMEWORK

<b>Design Summary</b>	<b>Performance Targets and/or Indicators</b>	<b>Data Sources and/or Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
<b>Impact</b> Improved efficiency in project implementation	Project implementation delays reduced to a maximum of 20%	Project performance reports	<b>Assumption</b> Government commitment  <b>Risk</b> Poor contractor performance
<b>Outcome</b> Improved project implementation readiness and quality	For each project, 50% of contracts are awarded before loan effectiveness and 10% of loan amount is disbursed within 6 months after loan effectiveness	Loan financial information system	<b>Assumption</b> Active cooperation from the executing agency and commitment to enhance readiness during project processing
<b>Outputs</b>  1. Procurement process initiated within a month of appraisal mission completion  2. Social and environmental assessments meet agreed standards and timeframes  3. Project	For each project,  1.1. the number of times bidding documents must be redrafted meets acceptable standards and  1.2. bidding documents are ready at the appraisal mission stage  2.1. Acceptable percentage of due diligence of social and environmental safeguard measures completed at fact-finding mission stage  2.2. 80% of land acquisition and environmental clearance for the relevant sections completed by loan negotiation stage  3.1. Project	ADB missions  TA consultants' progress reports	<b>Assumptions</b>  States and PEAs are willing to implement TA and projects and provide committed counterpart support and contribution.  PEAs and support agencies provide the required support, including data and information, resources for land acquisition, and cooperation in providing environmental clearance.  Monitoring and quality support are effective.

<b>Design Summary</b>	<b>Performance Targets and/or Indicators</b>	<b>Data Sources and/or Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
performance management system provides appropriate information from the monitoring and evaluation system to management according to schedule	<p>performance management system developed at appraisal mission stage</p> <p>3.2. Baseline survey completed before construction starts</p> <p>3.3. Project performance management system provides reports according to schedule</p>		
<b>Activities with Milestones</b>			<b>Inputs</b>
<b>A. By ADB</b> (i) Recruit consultants in coordination with the Government (Ongoing). (ii) Guide TA activities through inception and review missions (1 month after engagement of consultants)			ADB: \$1,500,000 financed by the Government of Japan  – International (10 person-months) and national (88 person-months) consultants  Government: \$375,000 in-kind contributions  – Counterpart staff and operating and other implementation expenses  – Engineering designs and other activities for detailed project report preparation as appropriate
<b>B. By Government and States</b> After approval of respective projects: (i) Set up project offices and appoint counterpart. (ii) Regularly work with consultants to provide necessary surveys and other support and organize meetings. (iii) Provide office space, data and documents, detailed project reports, and other inputs as appropriate.			
<b>C. By Consultants (including subcontracted NGOs)</b> Undertake designated TA activities in close interaction with PEAs, stakeholders, and ADB (Immediately after engagement).			

ADB = Asian Development Bank, NGO = nongovernment organization, PEA = project executing agency, TA = technical assistance.

Source: Asian Development Bank.

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

<b>Item</b>	<b>Total Cost</b>
<b>A. Asian Development Bank Financing<sup>a</sup></b>	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	300.0
ii. National Consultants	616.0
b. International and Local Travel	36.0
c. Reports and Communications	28.0
2. Training, Seminars, and Conferences	120.0
3. Surveys	250.0
4. Miscellaneous Administration and Support Costs	30.0
5. Contingencies	120.0
<b>Subtotal (A)</b>	<b>1,500.0</b>
<b>B. Government Financing</b>	
1. Office Accommodation and Transport	200.0
2. Remuneration and Per Diem of Counterpart Staff	100.0
3. Others	75.0
<b>Subtotal (B)</b>	<b>375.0</b>
<b>Total</b>	<b>1,875.0</b>

a Financed by the Japan Special Fund, funded by the Government of Japan.  
Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

### A. Scope of Services

1. Consultants in the fields of procurement, resettlement, social development, environment, and economics will be stationed at Asian Development Bank (ADB) projects to support executing agencies implementing ADB-financed projects (project executing agencies or PEA). The venues of workshops and training will be arranged separately in consultation with PEAs.

#### 1. Procurement Specialist (1 international expert for 5 person-months and 2 national experts for 22 person-months)

2. The consultant will undertake the following tasks to support PEAs in implementing projects covering all subsectors, e.g., roads, railways, ports, and communications. The consultant will work with government counterpart staff in procurement and project implementation.

3. Specific tasks include assisting the PEA in:

- (i) preparing and finalizing quality documents for detailed project reports, construction supervision consultants, and civil works;
- (ii) procurement activities related to ADB projects, including pre-bid meetings and evaluation reporting; and
- (iii) implementing ADB-assisted projects with on-the-job training and advice on International Federation of Consulting Engineers (FIDIC)-based contract management.

4. In addition to assisting the PEA in procurement, the consultant will ensure that the PEA officials at headquarters and project implementation units fully understand ADB's bidding procedures, FIDIC documents, and FIDIC-based contract management. Specific tasks include providing (i) on-the-job training and advice and (ii) training workshops.

#### 2. Resettlement Specialist (2 national experts for 22 person-months)

5. The consultant will provide advice and support to PEAs in implementing resettlement plans and indigenous people development plans (IPDPs) of transport and communications projects in India. The consultant will:

- (i) advise implementing agencies, project sponsors' consultants, and nongovernment organizations (NGOs) on ADB's *Involuntary Resettlement Policy* (1995), *Policy on Indigenous Peoples* (1998), procedures, and best practices, helping them to implement resettlement plans, IPDPs, and actions to address resettlement-related issues;
- (ii) help executing agencies establish resettlement units, including the recruitment of NGOs for implementing resettlement plans and IPDPs;

- (iii) provide training to government personnel and NGOs in preparing and managing resettlement activities and generally act as a resource person for resettlement and indigenous people;
- (iv) facilitate effective coordination and lines of communication between ADB and relevant government agencies and line departments, organizations, and individuals implementing resettlement aspects of the ADB-financed projects;
- (v) monitor project management to ensure effective coordination and implementation of resettlement and indigenous people-related aspects of ADB-financed projects;
- (vi) ensure that all key stakeholders have been identified and consulted on their views about the project and resettlement, including representatives of the people likely to experience resettlement; and
- (vii) ensure that special assistance is provided to vulnerable and excluded groups such as the very poor, those without formal land title, households headed by women, ethnic minority groups, isolated groups, and the elderly in accordance with the agreed resettlement plans and IPDPs.

### 3. Social Development Specialist (2 national experts for 22 person-months)

6. The consultant will provide advice and support to PEAs in implementing social mitigation plans in transport and communications projects in India. The consultant will:

- (i) advise PEAs, project sponsors' consultants, and NGOs on ADB's *Policy on Gender and Development* (1998); social protection strategy;<sup>1</sup> and other guidelines, procedures, and best practices, as well as assist them in implementing social frameworks, plans, and measures, including, where relevant, plans for consultation and participation, gender plans, labor plans, and other social mitigation measures such as those to prevent HIV/AIDS transmission and human trafficking;
- (ii) ensure that contractors do not use child labor to execute civil works contracts, in accordance with the provisions of the contract agreement, and monitor contractors' compliance with and performance of required actions regarding HIV/AIDS and human trafficking in accordance with the contract documents;
- (iii) for rural road development programs such as *Pradhan Mantri Gram Sadak Yojana* (Prime Minister's rural roads program), (a) assist PEAs, project sponsors' consultants, and NGOs in organizing transect walks for documenting the social features along the alignments of rural roads, (b) ensure that all key stakeholders have been identified and consulted, and (c) strictly comply with the provisions of the community participation framework with particular attention to vulnerable groups;
- (iv) monitor project management to ensure effective coordination and implementation of poverty and social aspects of ADB-financed projects; and
- (v) provide all necessary on-the-job training and knowledge transfer to government personnel and NGOs on social aspects.

<sup>1</sup> ADB. 2003. *Social Protection*. Manila (adopted in 2001).

**4. Environment Specialist** (2 national experts for 22 person-months)

7. The consultant will provide advice and support to PEAs in implementing environmental management plans (EMPs) and obtain environment and forest clearances for transport and communications projects in India. The consultant will:

- (i) advise PEAs, project sponsors' consultants, and civil works contractors on ADB's *Environmental Assessment Guidelines* (2003), *Environment Policy* (2002), and other procedures and best practices; assist them in implementing environmental measures, including EMPs; and generally act as an environmental resource person;
- (ii) help PEAs to set up environmental units and establish good documentation for environmental safeguards;
- (iii) provide all necessary on-the-job training and knowledge transfer to government personnel, project sponsors' consultants, and contractors on environmental aspects;
- (iv) facilitate effective coordination and lines of communication between ADB and relevant government agencies and line departments, organizations, and individuals implementing environmental aspects, including obtaining forest and environment clearances;
- (v) ensure that contractors implement EMPs when executing civil works contracts in accordance with the provisions of the contract agreement;
- (vi) monitor project management to ensure effective coordination and implementation of EMPs and environmental measures of ADB-financed projects; and
- (vii) submit, for each assigned project, progress reports and working papers monthly and as required.

**5. Project Economist-cum-Transport Specialist** (1 international expert for 5 person-months)

8. The consultant will support PEAs to ensure the quality of economic assessment and monitor key development indicators. The consultant will work with the counterpart staff of governments and the government's consultants. The consultant may engage local surveyors for conducting surveys as required.

9. To ensure the preparation of high-quality economic assessments, the consultant will:

- (i) review and assess draft economic analyses;
- (ii) update and modify economic analyses by explicitly reflecting benefits realized from the project, such as lower vehicle operating costs, accident costs, and travel time, undertaking supplementary surveys as needed; and
- (iii) ensure the quality of economic assessments at the ADB standard.

10. Toward better monitoring of key development indicators, the consultant will

- (i) review and update project designs and monitoring frameworks as required;
- (ii) identify realistic detailed methods to estimate and/or extract indicators or proxies;
- (iii) undertake surveys as required to estimate and/or extract indicators or proxies; and
- (iv) develop a program for the periodic updating of key development indicators.

11. The consultant will further enhance PEAs' capacity by providing on-the-job training and advice on required surveys and analyses for economic assessment and by conducting a workshop on economics and design and monitoring frameworks for transport projects.

#### **B. Required Expertise**

12. Individual consultants, both international and national, will be engaged with expertise in procurement, resettlement, social development, environment, and transport economics. Two national consultants will be engaged for each safeguard area—resettlement, social development, and environment—who are well experienced with ADB and/or World Bank projects, preferably in the transport sector.