

ASIAN DEVELOPMENT BANK

TAR: SOL 38062

TECHNICAL ASSISTANCE

TO

SOLOMON ISLANDS

FOR

INSTITUTIONAL STRENGTHENING OF THE

MINISTRY OF INFRASTRUCTURE AND DEVELOPMENT

December 2004

CURRENCY EQUIVALENTS

(as of 31 October 2004)

Currency Unit	–	Solomon Islands dollars (SI\$)
SI\$1.00	=	US\$0.1354
US\$1.00	=	SI\$7.380

ABBREVIATIONS

ADB	–	Asian Development Bank
EA	–	Executing Agency
EU	–	European Union
GDP	–	gross domestic product
MFNRP	–	Ministry of Finance National Reform and Planning
MID	–	Ministry of Infrastructure and Development
NERRDP	–	National Economic Recovery, Reform and Development Plan 2003-2006
NTF	–	National Transport Fund
NTP	–	National Transport Plan
PCERP	–	Post Conflict Emergency Rehabilitation Project
PIER	–	Pacific Islands Economic Report
RAMSI	–	Regional Assistance Mission to the Solomon Islands
TA	–	technical assistance
TPPU	–	transport policy and planning unit
TSS	–	transport sector strategy

NOTES

- (i) The fiscal year (FY) of the Government and its agencies ends on 31 December. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2004 ends on 31 December 2004.
- (ii) In this report, "\$" refers to US dollars, and SI\$ refers to Solomon Island dollars.

This report was prepared by a team consisting of R. Guild, team leader, Pacific Operations Division; and R. Adhar, South Pacific Regional Mission.

I. INTRODUCTION

1. The Government of Solomon Islands has requested support from the Asian Development Bank (ADB) to provide technical assistance (TA) for Institutional Strengthening of the Ministry of Infrastructure and Development (MID).

2. On government request, a mission¹ visited Solomon Islands from 28 October to 6 November 2003 to review the scope of the Post-Conflict Emergency Rehabilitation Project (PCERP) and initiate fact-finding. A fact-finding mission² was then undertaken from 10 to 17 February 2004 to assess MID's capacity to plan and manage a range of infrastructure development activities expected in the near term, and to determine the scope of the TA. Findings of these missions, in the form of the draft TA paper, have been discussed with the Government, which agreed with the goals, purpose, scope, implementation arrangements, cost, financing arrangements, and terms of reference.

3. The goals and objectives of this TA complement the Solomon Islands Country Strategy and Program Update 2005–2006, which aims to achieve rapid, pro-poor and private sector-led economic growth through (i) providing transport infrastructure and services, and (ii) strengthening the enabling environment for the private sector, both with a focus on capacity building and promotion of good governance.

4. The TA will support the Government's policy framework set out in the *National Economic Recovery, Reform and Development Plan 2003–2006* (NERRDP). The TA will particularly complement the focus on transport within Key Strategic Area 4 on Revitalizing the Productive Sector and Rebuilding the Supporting Infrastructure, by building capacity to complete the National Transport Plan, create a transport policy and planning unit, and establish a national transport fund. Appendix 1 gives the TA framework.³

II. ISSUES

5. Economic and social development in Solomon Islands has long centered around the capital of Honiara on the island province of Guadalcanal, where many people from other provinces have long migrated for better opportunities. Over time, the pressure of economic competition has raised tensions between migrants and the local population. Tensions grew into violent conflict by mid-1999 and resulted in the displacement of the elected government in mid-2000. The result has been loss of lives, major property damage, large displacement of people, and extensive damage to transport infrastructure, schools, water supplies, sanitation systems, government buildings, and health centers. Damage to the economic and social infrastructure—estimated at more than SI\$200 million, equivalent to 20% of the gross domestic product (GDP)—has disrupted economic activity and severely strained delivery of government services.

6. During and after the crisis, MID undertook virtually no maintenance. Roads, wharves and airstrips, as well as government workshops and equipment, all deteriorated to such an extent that most facilities are beyond maintenance and require total reconstruction. The crisis severely affected the productive operations of the private sector, which in key areas of Solomon Islands came to a total halt, and contributed to a massive decline in formal employment, a 50% reduction in exports and a precipitous fall in national income.

¹ Comprising R. Adhar, senior project implementation officer and mission leader.

² Comprising R. Guild, transport specialist-mission leader; and R. Adhar, senior project implementation officer.

³ The TA first appeared in *ADB Business Opportunities* (Internet edition) on 5 March 2004.

7. Hostilities ceased in late 2000. An elected government was returned in December 2001, but faced severe revenue problems caused by massive decline in the economy. Thus, the Government's ability to maintain minimum social services was severely affected, and it incurred massive payment arrears to international and domestic creditors. ADB suspended the PCERP loan in February 2002, considering the poor security situation and after continuing default of repayment of past loans.

8. In the face of a potential collapse, the Government sought outside assistance to restore law and order. In July 2003 the Regional Assistance Mission to the Solomon Islands (RAMSI), led by Australia with representatives from most member countries of the Pacific Islands Forum, arrived in Honiara with military and administrative support to restore the public sector and stabilize government finances. In September 2003, the Australian Government settled the Government's outstanding arrears to ADB, allowing resumption of ADB operations and assistance.

9. Development partners, including ADB, are now resuming operations, and significant financial resources are becoming available for rehabilitation, investment, and maintenance. Although no new lending is expected in the short term, ADB has reactivated the PCERP loan at the Government's request. Other development partners also expect to resume infrastructure development projects, including rehabilitation and reconstruction of roads, bridges, schools, wharves, and utilities; support to inter-island shipping; and improvement of aviation facilities.

10. It has become apparent, however, that MID has neither sufficient capacity to plan and manage its own activities nor the necessary planning framework to coordinate the large volume of development assistance expected. Years of conflict and resource constraints forced the Government to eliminate all but emergency services. Civil servants were retrenched to reduce the payroll, and few junior officers are available for training to replace them. Only two civil engineers are available in MID's Roads Division, and both are at the senior management level. In the Marine Division, the superintendent has been in the post less than 1 year, but support staff are nearing retirement. The post of director of the Civil Aviation Division is vacant. Technically qualified staff are available in some areas, but there has been a freeze on recruitment and an ongoing inability to fund established positions.

11. Significant challenges, therefore, face MID in planning, rebuilding, and maintaining transportation infrastructure. In the past, the Government maintained a reasonably strong capability to carry out design and construction activities directly, using in-house resources. But those resources have been significantly depleted. A major investment in vehicles, plant and machinery, and permanent employment of a large number of technically skilled people would be required to re-establish a functioning direct works capacity. Therefore, MID plans to move away from direct provision of works, and to asset management and private sector contracting, allowing it to concentrate on policy development, regulation, asset management, and contract administration with the limited professional staff that can be expected to be available on a sustainable basis.

12. NERRDP sets the Government's policy framework. Under key strategic area 4, *Revitalizing the Productive Sector and Rebuilding the Supporting Infrastructure*, a focus for transport infrastructure is set out that includes:

- (i) adopting and implementing a national transport sector strategy;

- (ii) continuing implementation of an inter-island shipping project including appraising project profiles for the Provincial Shipping Services Assistance Fund;
- (iii) continuing implementation of the marine infrastructure project;
- (iv) finalizing the Shipping Act, Revised Road Act, and National Transport Fund;
- (v) continuing to implement a national maintenance regime;
- (vi) formulating medium-term infrastructure development programs; and
- (vii) reforming and building MID's capacity.

13. MID now lacks the tools and personnel to guide this process, including capacity for strategic planning, management of assets and finances, procurement, and contract administration. Institutional strengthening is required to carry out reforms, design national policies, and create sustainable funding mechanisms for implementation.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

14. The purpose of the TA is to strengthen MID's institutional capacity to effectively plan, manage, and finance infrastructure development in Solomon Islands in a sustainable manner by providing training and assistance to counterpart staff in developing requisite skills. The outputs will be:

- (i) two professional MID staff trained in transport planning and economics;
- (ii) two professional MID staff trained in procurement and contract administration;
- (iii) a National Transport Plan (NTP) prepared;
- (iv) a transport policy and planning unit (TPPU) established;
- (v) a National Transport Fund (NTF) established;
- (vi) a contract procedures manual prepared; and
- (vii) MID staff and private sector contractors trained in tendering procedures.

B. Methodology and Key Activities

15. A structured planning and management framework is necessary to ensure that domestic and external resources give the maximum positive developmental impact. Previous assistance from development partners has produced numerous study reports, but none provide detailed implementation guidance. Thus, the TA methodology is to help MID update and supplement existing knowledge and convert it into action plans that can be realistically implemented, within an appropriate institutional setting that will ensure ongoing capacity.

16. The TA will address the institutional constraints that the Government faces in developing the three major modes of transport: land, sea, and air. It will encompass training and counterpart support in (i) strategic planning and policy development, (ii) asset management, (iii) project management, (iv) financial management, and (v) procurement.

17. The TA will provide formal and on-the-job training and assistance in the required tasks of developing the NTP and establishing the TPPU. Training will include review and synthesis of existing documentation, creation of new institutional structures and procedures, and engagement in ongoing operations that are expected to be part of each staff member's responsibilities in parallel with TA activities.

18. The TA will establish the NTF with specialized technical assistance from the European Union (EU) Project Management Unit. EU is expected to fund and supervise a specialist to design financial management provisions of NTF. The ADB-financed TA team will be responsible for policy and institutional aspects of establishment and integration of NTF operations through the TPPU.

19. To support private sector participation in infrastructure provision, a draft manual on contract procedures will be produced at the beginning of the consultant services as the basis of subsequent training of MID staff and local contractors. On-the-job training is essential to the process; trainees will participate in management of procurement activities and contract administration. This hands-on involvement means that training will be most effective if spread over the entire project cycle, with mentoring by visiting specialists.

20. The TA will provide additional training and support through association with a partner agency that will provide (i) professional work experience for MID staff on short-term secondment, (ii) access to documentation and resources, and (iii) technical backup to respond to MID staff requests for information. The partner agency will also help the project team identify overseas training opportunities for MID staff.

21. The TA team, consisting of consultants and MID staff, is expected to work closely with development partners that now finance most capital works in Solomon Islands to ensure that current and future projects are incorporated into the NTP. Specific ongoing or expected projects include the PCERP project, the EU outer islands wharves project, and the Japan bridge construction project. These projects will also give MID staff opportunities for on-the-job training with TA supervision.

22. The TA team is expected to work closely with other government agencies—particularly the Ministry of Finance, the Department of National Reform and Planning, and the Department of Communication, Aviation, and Meteorology—to develop the NTP and TPPU and implement the NTF, through coordination of a Transport Task Force that the Government will form. The Transport Task Force will serve as the project steering committee.

C. Cost and Financing

23. The TA cost is estimated at \$825,000 equivalent; the foreign exchange component is \$744,000 and the local currency component, \$81,000 equivalent. ADB will finance \$695,000 of the foreign exchange costs and \$5,000 of the local costs. The TA will be financed on a grant basis by ADB's TA funding program. The Government will finance \$49,000 of the foreign exchange costs and \$76,000 equivalent of the local currency costs through domestic resources. Appendix 2 gives cost estimates.

D. Implementation Arrangements

24. The Executing Agency (EA) for TA will be the Ministry of Infrastructure Development. The Transport Task Force will oversee TA implementation under supervision of the permanent secretary of the Department of National Reform and Planning, and comprising members at permanent secretary or under secretary levels from relevant ministries and private sector representatives. The under secretary of the Department of Infrastructure will be TA coordinator and TPPU, secretariat.

25. A total of 30 person-months of international consulting services are required in transport planning, economics, and project management. An additional 1 person-month of international consulting will be required for an independent evaluation of the quality and completeness of the training program, and recommend adjustments to the work program and methods. Consulting services will be engaged in accordance with ADB's *Guidelines on the Use of Consultants* following the quality- and cost-based selection procedures, using simplified technical proposals and other practices and procedures satisfactory to ADB. Appendix 3 gives terms of reference for consultant services.

26. The consulting firm will provide three specialists to provide most inputs: a transport planner-economist and team leader, a transport specialist, and a project management specialist. The firm will also arrange overseas on-the-job training and technical backup through association with a partner agency.

27. An initial short visit by the consultants is envisioned to assess training and institutional needs, agree on the NTP structure and content, gather data, and identify projects to use for hands-on procurement training and contract administration. Most consultant services will be delivered within about a year (with timing and duration agreed upon with MID). Formal training will be conducted in parallel with production of the substantive outputs. Short follow-up visits by the consultants will be scheduled throughout the second year.

28. To enable benefits of the study to be realized, the Government will establish a TPPU within MID. At least two staff will be placed in the unit to work with, and be trained by, the consultants. The project management unit of the Post-Conflict Emergency Rehabilitation Project will make three technical staff available for training in asset management. MID's marine and civil aviation divisions will assign staff for these purposes. The Government will provide offices and logistical support, including funds for immediate TPPU staff development plans for 2 years of TA implementation and operational expenses. TA implementation will begin in January 2005, and end in December 2006.

IV. THE PRESIDENT'S DECISION

29. 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 Solomon Islands for Institutional Strengthening of the Ministry of Infrastructure and Development, and hereby reports this action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal</p> <p>Increased efficiency in the transport sector, contributing to economic growth with improved distribution of benefits</p>	<p>By 2012:</p> <ul style="list-style-type: none"> ▪ Improved provincial accessibility via all transport modes ▪ Road network maintained and upgraded ▪ Air and sea transport services operate on integrated routes and schedules ▪ Sustained economic growth rate from the 2004 baseline ▪ Improved balance among provincial growth rates 	<ul style="list-style-type: none"> ▪ Government statistics as compiled in ADB country reports (2005 PIER will provide baseline statistics) ▪ MID work program ▪ National Economic Recovery, Reform, and Development Plan; and action plans ▪ Household income and expenditure surveys ▪ Country programming consultations with communities, private sector, and agencies 	
<p>Purpose</p> <p>Strengthen the Ministry of Infrastructure and Development (MID) institutional capacity in planning, finance, and management of infrastructure development</p>	<p>By 2007:</p> <ul style="list-style-type: none"> ▪ Transport Policy and Planning Unit established ▪ National Transport Plan operational and integrated into national development plans ▪ National Transport Fund operational ▪ Contract procedures manual implemented ▪ Improved time-budget contract performance 	<ul style="list-style-type: none"> ▪ Review of completed documents ▪ CSPU and sector review missions ▪ Tripartite project reviews/reports ▪ ADB project completion report ▪ Audited accounts of the NTF ▪ Evaluation reports of contracted projects 	<ul style="list-style-type: none"> ▪ MID and other ministries implement approved action plans ▪ The Government maintains support for funding the NTF ▪ The Government continues to fund TPPU staff ▪ Users also contribute to NTF

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Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Outputs</p> <p>Capacity building completed through institutional improvements, formal and on-the-job training, and development of planning and management documentation in (i) strategic transport planning, (ii) sustainable financial management, and (iii) project management</p>	<p>By 2007:</p> <p>1.1 Operational policies and procedures for TPPU developed</p> <p>1.2 Two TPPU staff appointed under the civil service</p> <p>1.3 Four TPPU and MID staff trained in planning, policy, and impact assessment</p> <p>1.4 NTP completed with sufficient detail and time lines for action</p> <p>1.5 Two person-months of secondments</p> <p>2.1 Operational policies and procedures for NTF developed</p> <p>2.2 Four TPPU and MID staff trained in financial planning and management</p> <p>2.3 Three person-months of secondments</p> <p>2.4 Legal drafting to establish NTF completed</p> <p>3.1 Contract procedures manual drafted</p> <p>3.2 Six MID staff trained in project management and administration</p> <p>3.3 Three person-months of secondments</p> <p>3.4 Staff of six local contracting firms trained in contract procedures</p>	<ul style="list-style-type: none"> ▪ TA review missions ▪ Tripartite meetings and project reports ▪ Review of work programs, training plans, and materials 	<ul style="list-style-type: none"> ▪ The Government appoints two TPPU staff under civil service ▪ The EU assigns a finance specialist for detailed design of NTF ▪ The Government assists with legal drafting for NTF

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Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Activities</p> <p>Design of institutional improvements</p> <p>Needs assessments</p> <p>Preparation of staff development plans</p> <p>In-country training of MID staff</p> <p>Overseas training of MID staff through short term secondments</p> <p>Overseas formal training of MID staff</p> <p>Development of planning and management documentation</p>	<p>Start: First quarter 2005 Complete: Fourth quarter 2005 Responsibility: TA consultant team</p> <p>Start: First quarter 2005 Complete: Second quarter 2005 Responsibility: TA consultant team</p> <p>Start: First quarter 2005 Complete: Second quarter 2005 Responsibility: TA consultant team</p> <p>Start: Fourth quarter 2006 Complete: Ongoing Responsibility: TA consultant team</p> <p>Start: Third quarter 2005 Complete: Ongoing Responsibility: Partner agency</p> <p>Start: Second quarter 2005 Complete: Ongoing Responsibility: TA consultant team, partner agency</p> <p>Start: Second quarter 2005 Complete: Ongoing Responsibility: TA consultant team, MID staff</p>	<ul style="list-style-type: none"> ▪ Project monitoring missions ▪ TA review reports ▪ Independent evaluation report 	<ul style="list-style-type: none"> ▪ Adequate data are available, or can be found, for the required analyses. ▪ Timely availability of suitable courses for counterpart local staff. ▪ Government staff and contractors are available for formal training ▪ Government staff are released for short-term secondments

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Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
Contractor training	Start: Second quarter 2005 Complete: Ongoing Responsibility: TA consultant team, MID staff		
Inputs ADB-financed consulting services Government contribution	ADB: \$700,000 1.1 30 person-months international consultants: \$609,000 1.2 Training: \$60,000 1.3 Administration and contingencies: \$31,000 Government: \$125,000 1.1 Counterpart positions: \$30,000 1.2 Office operations and accommodations: \$47,000 1.3 Local travel: \$3,000 1.4 Local training: \$1,000 1.5 Overseas training: \$49,000 1.6 Contingencies: \$5,000 Total project: \$825,000	<ul style="list-style-type: none"> ▪ ADB disbursement records ▪ Public service establishment 	<ul style="list-style-type: none"> ▪ Timely consultant recruitment ▪ Availability of counterpart funding for new positions ▪ Counterpart positions officially established and staff recruited

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank (ADB) Financing^a			
1. International Consultants			
a. Remuneration and Per Diem	578.0	0.0	578.0
b. International and Local Travel	45.0	5.0	50.0
c. Reports and Communications	1.0	0.0	1.0
2. Training: Overseas On-the-Job	40.0	0.0	40.0
3. Miscellaneous Administration and Support Costs	3.0	0.0	3.0
4. Contingencies	28.0	0.0	28.0
Subtotal (A)	695.0	5.0	700.0
B. Government Financing^b			
1. Office Accommodation and Transport	0.0	15.0	15.0
2. Remuneration and Per Diem of Counterpart Staff	0.0	30.0	30.0
3. Travel: Local Airfares	0.0	3.0	3.0
4. Local Training	0.0	1.0	1.0
5. Overseas Training			
a. Course Fees	25.0	0.0	25.0
b. International Travel	12.0	0.0	12.0
c. Allowances	12.0	0.0	12.0
6. Office Operational Expenses	0.0	12.0	12.0
7. Office Equipment and Furniture	0.0	10.0	10.0
8. Contingencies	0.0	5.0	5.0
Subtotal (B)	49.0	76.0	125.0
Total	744.0	81.0	825.0

^a Financed by ADB's technical assistance funding program.

^b Government financing through domestic resources.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Objectives and Scope

1. The goal of consulting services is to strengthen the institutional capacity of the Ministry of Infrastructure and Development (MID) to effectively plan and manage infrastructure development in Solomon Islands in a sustainable manner. The objectives are to develop among counterpart the skills needed to prepare a National Transport Plan (NTP); create, train, and assist a Transport Policy and Planning Unit (TPPU); establish a National Transport Fund (NTF); and promote private sector involvement in infrastructure development.

2. The technical assistance (TA) will address the constraints faced by the Government in land, sea, and air transport in Solomon Islands. It will include training and counterpart support in (i) strategic planning and policy development, (ii) regulation of transport services, (iii) asset management, (iv) project management, (v) financial management, and (vi) procurement of goods and services. This assistance is envisioned to be structured around achievement of the objectives described in para. 1.

3. A team of international consultants will be engaged from a firm, intermittently over 2 years, to conduct needs assessments, prepare training materials, conduct formal and informal training activities, and provide professional support to counterpart staff in MID and other departments and government ministries. The firm will also provide opportunities for short-term secondments for MID staff to reinforce in-country training, through association with a suitable partner agency. An independent evaluation will be conducted under the direct supervision of the Executing Agency (EA) to assess the program and recommend adjustments to its content and methods.

B. Transport Planner-Economist and Team Leader (12 person-months)

4. An international consultant will be engaged as a transport planner-economist and team leader for 12 person-months, intermittently over 2 years, to provide training in strategic planning and help prepare plans, institutional structures, staff development plans, and financial mechanisms. The terms of reference for the consultant include to:

- (i) review existing and ongoing studies and technical assistance, legislation, policies, and regulations within the land, sea, and air transport subsectors; and other areas that affect transport planning such as land management and environmental protection;
- (ii) review government staffing and expected personnel plans for infrastructure development;
- (iii) synthesize previous recommendations and new assessments in plan for needs assessment and staff development for capacity development;
- (iv) prepare training materials and deliver formal and on-the-job training on the following topics, with depth of coverage to be determined by needs assessment:
 - (a) strategic planning and integration with the National Economic Recovery, Reform, and Development Plan (NERDDP) and the national budget;
 - (b) policy analysis and preparation;
 - (c) impact assessment of infrastructure development, including economic, social, environmental, and land issues; and
 - (d) regulation of transport services.

- (v) help counterpart staff update transport sector policies and strategies based on the Transport Sector Strategy, and prepare an NTP, with detailed prioritized capital investment and recurrent activities, including timelines for near-, medium-, and long-term development, consistent with national economic and transport policies;
- (vi) help counterpart staff develop a TPPU that encompasses relevant government units, including detailed activities for TPPU functioning;
- (vii) help counterpart staff establish a governmental transport task force to serve as the project steering committee, and establish procedures for the TPPU to serve as its secretariat;
- (viii) jointly with the other consultants, identify a suitable partner agency in the region to be a professional mentor and develop recommendations to effectively utilize it for technical backup, including short-term secondments to the partner agency and consulting visits to Solomon Islands if required. Develop training plans and materials to ensure productive use of short-term secondments;
- (ix) jointly with the other consultants, identify suitable external training opportunities for counterpart staff to increase their skills and qualifications, mobilize funding from government and donor sources, and make necessary arrangements within the TA implementation period.
- (x) help the EA design a quality assurance plan and contracting procedures for independent evaluation of outcomes identified in the project framework.
- (xi) provide other technical assistance relevant to these terms of reference to counterpart MID staff and other ministries as the Government requests;
- (xii) jointly with the other consultants, prepare inception, quarterly, and final reports (para. 7, below) documenting TA activities and assessing their effectiveness in meeting TA objectives.

C. Transport Specialist (6 person-months)

5. An international consultant will be hired as transport specialist for 6 person-months, intermittently over a 2-year period, to train and provide professional support in analysis, and help establish a sustainable financial mechanism, through NTF creation. The terms of reference for the consultant include:

- (i) determine information and data collection needs with respect to the TA objectives, and assist counterpart staff in establishing a comprehensive and geographically disaggregated database, including:
 - (a) locations, quantities, and conditions of existing physical transport assets in the three subsectors;
 - (b) current and projected demands for transport services; and
 - (c) existing levels, costs, tariffs, and market structures of infrastructure construction and service provision in the public and private sectors.
- (ii) in cooperation with the European Union Project Management Unit, help counterpart staff establish an NTF; develop plans to mobilize contributions from the Government, development partners, and user fees; and specify a governance mechanism with participation of government units and representatives of the public and private sectors.
- (iii) help counterpart staff in the legal drafting of legislation for enactment by an act of Parliament to create the NTF;

- (iv) prepare training materials and deliver formal and on-the-job training on financial planning and budgeting to support NTF operation of the NTF and integration with the National Economic Reform, Recovery, and Development Plan;
- (v) provide other technical assistance relevant to the terms of reference to MID counterpart staff and other ministries, as requested by the Government;
- (vi) jointly with the other consultants, identify a suitable partner agency in the region and help develop training plans and materials for short-term secondments;
- (vii) jointly with the other consultants, identify suitable training opportunities for counterpart staff to increase their skills and qualifications; and
- (viii) jointly with the other consultants, prepare inception, quarterly, and final reports (para. 7, below) documenting TA activities and assessing their effectiveness in meeting objectives.

D. Project Management Specialist (12 person-months)

6. An international consultant will be hired as a project management specialist for 12 person-months, intermittently over a 2-year period, to provide training and professional support in contract procedures, procurement of goods and services, consultant engagement, contract supervision and administration, promotion of private sector development, and contractor training in tender procedures. The terms of reference for the consultant include to:

- (i) review existing regulations and contract documents for procurement of goods and services in the transport subsectors, determine their appropriateness, and recommend a plan for updating;
- (ii) review existing staffing and expected personnel plans in the government ministries and departments responsible for infrastructure development;
- (iii) determine information and data collection needs for the TA objectives, and help the transport economist and counterpart staff develop the database;
- (iv) synthesize previous recommendations and new assessments, and help the team leader and counterpart staff prepare the plan for needs assessment and staff development, and procedures for plans for personnel, regulations, and documentation;
- (v) prepare training materials and deliver formal and on-the-job training to government staff and local private contractors on project administration, contract supervision, asset management, procurement of goods and services, and financial management;
- (vi) help counterpart staff prepare a contract procedures manual that includes:
 - (a) types of contracts and contract laws;
 - (b) types of tender procedures, evaluations, and selection criteria;
 - (c) guidelines on costing methods and preparation of tender prices;
 - (d) contract administration;
 - (e) inspection and quality control;
 - (f) claims and dispute settlements; and
 - (g) financial (costs, accounting, and budgeting) controls.
- (vii) identify potential obstacles to implementing ADB's procurement guidelines for future TA and loan projects, and recommend ways to harmonize such differences;
- (viii) Help counterpart staff assess the potential for enhanced public and private service provision through public-private partnerships, domestic and international direct investment, management contracting of public assets and operations,

- tenders, subsidies for service concessions, and corporatization of public agencies;
- (ix) recommend measures to further encourage private sector involvement in infrastructure and service provision, including development of the local contracting industry;
 - (x) provide other technical assistance relevant to the terms of reference to counterpart staff of MID and other ministries, as the Government requests;
 - (xi) jointly with the other consultants, identify a suitable partner agency in the region and help develop training plans and materials for short-term secondments;
 - (xii) jointly with the other consultants, identify suitable training opportunities for counterpart staff to increase their skills and qualifications; and
 - (xiii) Help prepare inception, quarterly, and final reports (para. 7, below) documenting TA activities and assessing their effectiveness in meeting the objectives.

E. Partner Agency (intermittent)

7. In association with an overseas partner agency, the consulting firm will arrange overseas training through short-term secondments of MID staff and technical backup by partner agency staff. The objective of these arrangements is to provide exposure to, and practice in, the professional and administrative systems and processes of a developed infrastructure agency. It is expected that opportunities for 8 person-months of work experience will be required over 2 years. Direct expenses for professional support will be reimbursed. The Project will bear travel and accommodation expenses of participants. The terms of reference for the partner agency include to:

- (i) provide suitable professional work experience supervised by partner agency staff in planning, engineering, and contract administration, based on materials and training objectives provided by the consulting firm;
- (ii) help deliver on-the-job training during short-term secondments based on training plans and materials developed by the project team;
- (iii) make available documentation on procedures and systems in transport analysis and planning, budgeting, cost estimation, financial management, technical standards, procurement of consulting services and capital works, contracts and contract administration;
- (iv) designate a procedure to respond to technical questions and requests for professional advice, and a contact person for follow-up;
- (v) jointly with the project team, identify suitable overseas training opportunities for counterpart staff to increase skills and qualifications, and arrange participation within the TA implementation period; and
- (vi) contribute to the reports prepared by the consultants by documenting the MID activities during their short-term secondments.

F. Evaluation Specialist (1 person-month)

8. An international consultant will be hired as an evaluation specialist for 1 person-month to conduct an independent assessment of the program. Supervision and reporting of this task will be under the EA's direct supervision. The terms of reference for the consultant include to:

- (i) assess the quality and completeness of the in-country training program with respect to the terms of reference of the project, with particular attention to the needs for capacity building as expressed by MID and Government staff;

- (ii) assess the quality and relevance of the overseas training program, including the level of support from the partner agency;
- (iii) assess the extent to which the training program has resulted in, or is likely to develop, sustainable skills transfer;
- (iv) evaluate the quality of project reports and other communications provided by the consulting firm;
- (v) recommend adjustments to the work program, methods, and materials; and
- (vi) produce an evaluation report to be submitted directly to the EA and the ADB.

G. Reports

9. The consultants will submit the following reports in English to ADB for distribution (6 copies for distribution to the Government, and 3 for ADB):

- (i) **Inception report.** This brief report will be submitted within 4 weeks of the start of the TA. It will outline, in accordance with the terms of reference, the consultants' approach, methodology, and work plan, as well as cost implications for consulting services. The report will provide a clear bar chart of all activities under the TA, and recommend changes to implementation arrangements, and a list of equipment to be procured. It will also provide a detailed background to the sector and identify issues and decision-making requirements to facilitate TA progress.
- (ii) **Quarterly progress reports.** These brief reports will inform ADB of achievements under each item of the terms of reference; identify difficulties in implementation, and outline proposed solutions. The reports will clearly present the status of implementing the terms of reference, performance status, and accomplishments under each item of the terms of reference, as well as plans for the next quarter's work. The reports will adopt a uniform format facilitating monitoring, and will update the bar chart on all TA activities.
- (iii) **Draft final report.** This report, to be submitted on TA completion, will provide: (a) a summary of TA activities, (b) all recommendations and concepts developed under the terms of reference, (c) stakeholder assessments, (d) an assessment of TA effectiveness, and (e) conclusions.
- (iv) **Final report.** The consultants will submit this report 1 month after receipt of the comments on the draft final report from the Government and ADB. It will have the agreed-upon format, and the agreed-upon content.

H. Other Matters

10. Office accommodation will be provided for the consultants within the Ministry of Infrastructure Development.

11. The costs of international and domestic travel and allowances for consultants and counterpart staff will be met by the TA budget.

12. Consultants are expected to bring their own computers and provide their own communications during their services.