



Asian Development Bank

Operations Evaluation Department
Operations Evaluation Division 2

Work-in-Progress: Not for Quotation

Title **Transport Sector Assistance Program Evaluation in India
Proposed Evaluation Approach**

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A. Background

1. A sector assistance program evaluation (SAPE)¹ is proposed for the transport sector in India as one of the inputs for the Asian Development Bank (ADB) to structure its country strategy and program (CSP) in line with the 11th Five-Year Plan. It is intended that the preliminary findings of the SAPE be available by October 2006. The SAPE will also provide background and input for a country assistance program evaluation to be conducted in the future.

2. ADB's assistance program in India continues to be dominated by the infrastructure sectors, with transport and energy sectors occupying the prime position in terms of both lending and technical assistance (TA) support. The transport sector forms the largest component of ADB's assistance program, occupying almost 33% of the loan portfolio and 26% of the TA portfolio.

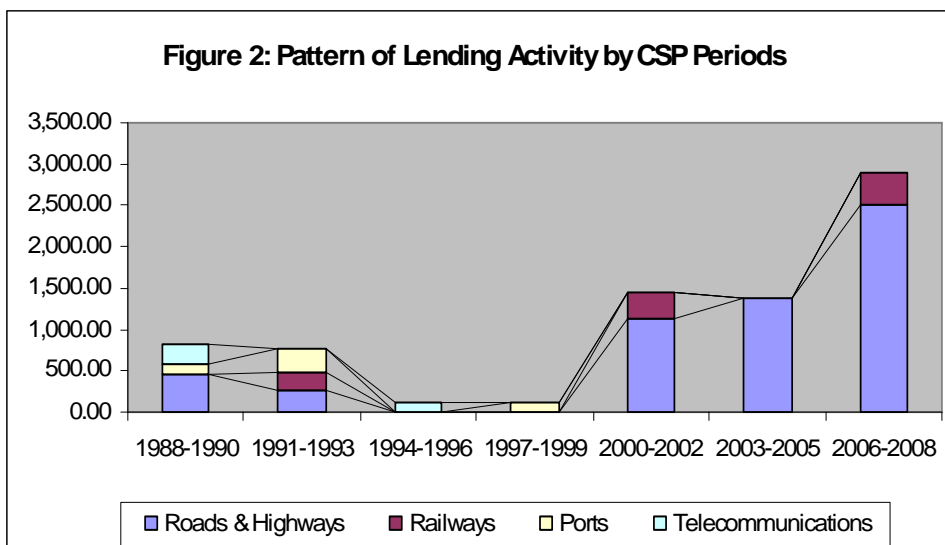
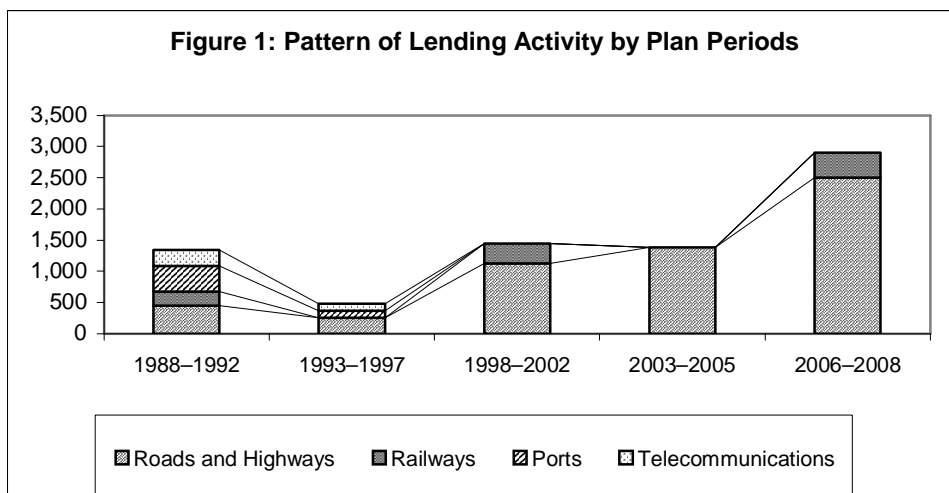
3. Transport sector, as described in this evaluation, primarily comprises the roads and highways subsector and the rail subsector. Other subsectors, such as ports and telecommunications, had been included in ADB's funding portfolio in the past. However, with the increased private sector participation (PSP) in these subsectors, ADB has refocused its involvement to exclude them from its current CSP. Inland waterways transport has recently been added as a new subsector to ADB's portfolio and is relatively at an early stage of development. Figures 1 and 2 show the pattern of lending activity during the Government's development plan periods and ADB's CSPs. In view of the above, the SAPE will focus on the evaluation of roads and highways and the rail subsectors, with a brief analysis of the other transport subsectors, excluding telecommunications.

4. With the Government maintaining its thrust on transport infrastructure development, it is expected that the transport sector will continue to figure prominently in ADB's lending portfolio in the foreseeable future. Within the transport sector, roads and highways has been a focus area with policy level as well as project level interventions aimed at rehabilitating national highways (NH), state roads, and rural roads. Interventions in the rail sector were recommenced

¹ Taking into account the fact that most of the projects in the Asian Development Bank's (ADB's) portfolio in India are ongoing, it would be difficult to conduct a full-fledged sector evaluation. The SAPE, as described herein, will take on board the broader aspects of the ongoing projects.

after a gap of almost 10 years in 2002 with several initiatives on reforming the Indian Railways (IR).

B. Sector Background



5. Although road density in India is higher than that in many developing countries, road network standards are inadequate to meet rapidly growing demand from freight and passenger traffic. NH comprise less than 2% of the total roads in India spanning more than 3.3 million kilometers (km). At the same time, these NHs handle 40% of the total traffic.² Faced with the NH system's capacity shortage, the Government initiated several radical policy actions including (i) launching the National Highway Development Program (NHDP), (ii) establishing the National Highway Authority of India (NHAI), (iii) creating a central road fund, and (iv) promoting PSP. At the project level, the NHAI initiated two major projects. The first NHDP project, initiated in 1998, comprised rehabilitating 5,846 km linking the golden quadrilateral of four metros—Delhi, Mumbai, Chennai, and Kolkata. The second NHDP project, initiated in 2002, comprises rehabilitation of 7,300 km of north-south and east-west corridors across the

² Statistics from the National Highway Authority of India's (NHAI's) website: www.nhai.org.

country. A third project has recently been initiated covering about 10,000 km linking high density traffic corridors between the state capitals.

6. State and rural roads are inadequately maintained causing connectivity problems in the rainy season. To address this problem, state governments have been initiating various programs aimed at attracting private sector investment in the rehabilitation and maintenance of state roads. However, some states have been lagging behind others in making any progress in this respect. In the rural areas, the Central Government has launched a major initiative—Pradhan Mantri Gram Sadak Yojana³—aimed at connecting rural habitations with populations of 500 or more to all-weather roads by 2007. This is being supported by earmarked cess (tax), multilateral funding, and budgetary allocations.

7. India has a national road fund financed by the road cess on gasoline and diesel. The allocations of the receipts are statutorily predetermined (national, state, rural, and urban), with 50% allocated to rural road development. A few states have also established their own State level dedicated road funds to increase road sector funding. The Indian Central Road Fund has two characteristic features:

- (i) the emphasis on road development rather than road maintenance—the revenue from the fuel cess is largely used for new road investment and
- (ii) the dominance of the public sector in the management/governance of the Fund.

8. The rail subsector in India has traditionally been a key mode of transport for both freight as well as passenger traffic. This subsector is almost monopolized by the IR, a public sector organization. The rail network in India is more than 63,000 km long providing employment to about 1.545 million staff. Difficulties in managing such a large-sized network have been aggravated by IR's inability to respond to changing market conditions in India's transport sector. Besides this, a string of accidents in recent years has highlighted problems of rail safety. In the past 10–20 years, increasing competition from other modes, particularly road transport, has distinctly reduced IR's market share.⁴

C. ADB Involvement

9. ADB's roads and highways program in India was initially coordinated by the Central Government and focused mainly on NHs. ADB and World Bank were catalysts in NHAI's establishment. Aside from providing loans to set up NHAI, ADB provided TAs for institutional development; capacity building (contract administration, environment and social development, corporate finance); private sector promotion; toll strategies; commercialization of operation and maintenance (O&M); and road safety. State-level operations were launched in Gujarat (1996), Madhya Pradesh (1999), and Kerala (2002), which were selected based on the following criteria: (i) firm commitment to undertake reforms, (ii) high assistance requirement based on population size and state of infrastructure, (iii) a satisfactory record of implementation and lack of major assistance from other development partners, and (iv) capacity and willingness to repay. ADB's program now comprises broader program goals of strengthening project

³ Prime Minister's Rural Roads Program.

⁴ Freight traffic has reduced from 65% in 1980 to 32% in 2001, while passenger traffic has reduced from 32% in 1980 to 13% in 2001. Source: ADB. 2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grant to India for the Railway Sector Improvement Project*. Manila (Loan 1981-IND, for \$313.6 million, approved on 19 December 2002).

development and implementation capabilities, enhancing PSP, strengthening O&M, and encouraging reforms at both the central and state levels.

10. ADB's interventions in the rail sector were initiated in 1987 to support technology transfer and acquisition of rolling stock to meet increasing traffic demands. However, IR's delays in committing to reforms resulted in a withdrawal from this subsector. This situation changed in 2002 with IR developing a sector development reform program supported by an ADB TA. Since then, ADB has resumed lending to this subsector to support institutional and policy reforms as well as priority investments. The focus of the investments will be more on completion of existing high-priority projects that are long past their completion dates rather than financing of new projects.

11. As per current information,⁵ only 4 out of the 14 loans in the roads and highways subsector are complete. In rail subsector, 2 out of the 3 loans are complete.

12. The focus on roads subsector appears to be common across other development partners also, although other subsectors are emerging into the limelight.

D. Sector Assistance Program Evaluation

1. Assessment Framework

13. The objective of the SAPE is to assess the performance of ADB's completed and ongoing operations in the various subsectors and to derive lessons to guide future strategy in the transport sector. The SAPE will seek answers to the following broad questions:

a. Bottom-Up

- (i) **Relevance.** Were the strategies pursued by ADB relevant in terms of:
 - evolving economic circumstances in India;
 - ADB's CSPs;
 - supporting essential sector policy and institutional reforms;
 - the transport needs as perceived by the central and state governments, as well as the development plans; and
 - harmonizing with other development partners?
- (ii) **Likely Effectiveness.** What is the likelihood that ADB's project designs will achieve the intended outcomes in light of the perceived effectiveness of the projects?
- (iii) **Process Efficiency.** Were/Are ADB's operations in the transport sector efficient in terms of:
 - effectively working with the government in implementing the projects and
 - ensuring procurement processes have been carried out efficiently?
- (iv) **Likely Sustainability.** What is the likelihood of sustaining the planned outputs?

⁵ The roads subsector has two project completion reports (PCRs) completed with one project performance audit report conducted in 2002. The rail subsector has two PCRs completed until date.

b. Top-Down

- (i) **ADB Performance.** Were ADB's choices of thematic initiatives in the transport sector (e.g., private sector development, sector reforms, economic growth, and rural access) appropriate?
- (ii) **Sector Performance.** What have been the trends in the transport sector? and
- (iii) What lessons can be derived for developing future strategy?

14. In the absence of a sufficient number of completed projects and the corresponding outputs, the SAPE will not assess the impact of the sector results and their outcomes. However, it will use secondary data sources to assess the likelihood of outputs and the associated potential outcomes. The above framework will be used for rating⁶ the performance of the two subsectors—roads and highways and rail. Appendix 1 provides an indication of the assessment framework. This will be further refined during the course of the evaluation.

2. Scope

15. The transport SAPE will focus on the two subsectors—roads and highways and rail. As stated in para. 3, the focus on other transport subsectors (inland waterways and ports) has been reduced to streamline the analysis. The SAPE will address ADB's initial strategy in these other subsectors and briefly assess the rationale for exiting from the ports subsector, with an assessment of perceived developmental constraints affecting inland waterways. The SAPE will also briefly comment on the interface between the roads and highways networks in India and their effects on urban transport systems, particularly in peri-urban areas and with respect to environmental issues.

16. The SAPE will cover loans from 1987 to the present and TAs from 1995 onward.⁷

17. The SAPE will include an assessment of the advisory TAs completed until date. Project preparatory TAs will be excluded from the scope of the evaluation.

18. The SAPE will not cover transport sector projects funded by ADB through the private sector⁸ since these fall under the multisector loans. It is assumed that these projects will be covered under the multisector assessment. However, the findings of the multisector assessment will be included in the SAPE.

3. Methodology

19. The SAPE will include discussions with development partners and government officials at the central and state levels and a few key stakeholders (viz., nongovernment organizations

⁶ The rating will be based on the current guidelines for the preparation of country assistance program evaluation reports drafted in 2005.

⁷ It needs to be noted here that TAs that are more than 10 years old could be difficult to evaluate owing to the institutional changes taking place in terms of staff movements and record keeping.

⁸ The SAPE will not include evaluation of projects such as Loans 1871 and 1872 (Private Sector Infrastructure Facility at State Level—Infrastructure Leasing and Financial Services Limited and Industrial Development Bank of India) that include transport components. Other loans such as 1480 and 1481 (Private Sector Infrastructure Facility) will be covered by a project performance evaluation report in 2006.

[NGOs], infrastructure financing banks, contractors, transport operators, and rail freight users). Since a major portion of ADB-financed projects have yet to be completed, it would be difficult to assess the actual impact of the outputs.⁹ Given these constraints, the SAPE will be a broad evaluation of ADB's sector positioning combined with an assessment of the project designs and procurement practices using perceptions of the government as well as a few key stakeholders.

20. The methodology will be based on a thematic approach that will focus on the roads and highways subsector and will cover other subsectors, where possible. This thematic approach includes the following studies:

- (i) policy level assessment,
- (ii) technical study,
- (iii) financial study,
- (iv) socioeconomic assessment, and
- (v) environmental study (to complement the current Operations Evaluation Department [OED] evaluations).

21. A **policy level assessment** will be conducted to cover all the subsectors, (i.e., roads and highways, rail, and—to a limited extent—inland waterways, ports) and to take on board policy findings from other studies mentioned above. This assessment will include review of the relevance of ADB's strategies in comparison with evolving trends in India within the sector and government's policies on transport growth and management, as reflected in official 5-year plans.

22. The policy assessment will include a review and assessment of the effectiveness of existing processes for transport planning (e.g., detailed project reports); supervision, monitoring, and coordination of transport interventions (particularly by ADB and other development partners); institutional and human resources constraints within the sector; and capacity building and related needs as perceived by government and other stakeholders. Government initiatives at the policy level to address identified transport issues (e.g., safety concerns on road, rail, and waterways systems; social, resettlement and environmental protection strategies; planning for multimodal integration; vehicle weighstations; improvements to regulations and their enforcement; and steps toward a rationalized transport tariff policy) will be identified where evident.

23. The SAPE will include a brief **technical study** to assess the effectiveness of progress being made on projects being implemented in the transport sector, primarily roads and highways, and rail. For roads and highways projects, the study will review aspects of road surfacing technology being used, road safety parameters, and axle loading. The objective of this study will be to evaluate all technical aspects of physical design, construction, and O&M of roads, together with the effectiveness and efficiency of the procurement, implementation and monitoring processes, including identification of institutional capacity and other constraints. This study will focus mainly on road improvements covered under ADB assistance, but will highlight any issues or lessons from other projects, where relevant.

24. The technical study for roads and highways will assess levels of compliance with approved road standards (including adequacy of intersections, safety measures [e.g., crash

⁹ The SAPE will assess the likelihood of the impacts using the socioeconomic assessment study (para. 22).

barriers, warning signs, and special provisions during roadworks]; public transport stops; parking for heavy goods vehicles; and traffic control devices¹⁰); provisions for pedestrians (including safe crossing facilities); nonmotorized transport; and the effectiveness of access control measures on NH. The study will summarize the scale of any perceived environmental issues on new and improved roads and highways (including noise and pollution from increased traffic, dust from construction works, etc), together with a brief assessment of the benefits in time (cost) savings for road users, positive commercial development, and broad indication of modal shift of traffic (e.g., rail to road) due to the improvements. Where evident from field observations, the study will summarize the range of issues being caused by the current practice of collecting crossborder state tolls on commercial vehicles as a source of funding for road improvements.

25. The technical study will include a brief evaluation of the waterways and ports subsectors. This brief evaluation will include assessing:

- (i) ADB's initial strategy in each of these subsectors and the underlying rationale for the strategy;
- (ii) the changes in the subsectors and identification of developmental needs where evident; and
- (iii) the reasons for reducing ADB's involvement in the subsectors, where apparent, with a review of their current status with respect to performance.¹¹

26. As stated in para. 5, the NHAI has embarked on a major expansion exercise in the NH subsector. To assess the financial sustainability of the NHDP, the SAPE will include a brief **financial study** to assess the pipeline of capital investment and the O&M requirements. This will need to be compared with the funding available in the form of fuel cess and other Government allocations, recent experience with PSP in highways, and prospects for further PSP growth and expansion. The study will document the process currently in use for channeling funds from tolls and the fuel cess into NH capital works and maintenance (both periodic and routine).

27. The financial study will include a brief review of recent experience of PSPs in the rail subsector in India and a summary of future prospects and levels of interest for greater private sector involvement.

28. The SAPE will include a **socioeconomic assessment** in selected rural areas of India to evaluate the following:

- (i) measure the changes such as livelihood patterns, industrial development, road safety, environmental issues, HIV/AIDS cases, access to market areas, community centers, education and health facilities, and effects on farm gate prices; other indicators to be included will be based on discussions with the consultants; and

¹⁰ Including traffic signals, signs, and road markings.

¹¹ For example, the reduction in ADB's participation in the ports subsector could be attributed to increased PSP. It could be useful to establish the level of PSP that has actually taken place in this subsector.

- (ii) identify specific issues in the transport sector (in conjunction with the technical study [refer paras. 23 and 24]) and assess how the road improvement projects have addressed these issues.

29. The socioeconomic assessment will be limited to assessing the changes in the roads subsectors (national roads, state roads, and rural roads) only. It will not include any element of the rail subsector. The assessment will cover the road projects completed/ongoing of not only ADB but also other development partners active in the sample area. The rationale behind this is to assess the wider changes in the roads subsector rather than being constrained by the need to assess ADB projects only. This is based on the assumption that the non-ADB projects will be of a similar nature as ADB ones and will generate similar socioeconomic changes.

30. The socioeconomic assessment will not conduct household surveys and instead rely on secondary data to obtain such information. It would be difficult to attribute specific changes to NH projects owing to the nature of traffic on such roads. In this case, secondary sources of data would be used to assess the changes in indicators such as traffic composition. Interviews with transport operators may also be conducted to assess the changes in travel time and vehicle operating costs. However, no traffic count studies will be conducted.

31. The socioeconomic assessment will select a sample area in Madhya Pradesh for “with project” and “without project” comparison of the rural roads and state roads. The aim will be to assess the relative effects of improved connectivity and access for the local communities. The study will use the Surat-Manor toll road (Loan 1747) in Gujarat for a sample of the national highways to assess their socioeconomic effects.

32. The rationale for using Madhya Pradesh for selection of the sample area for the rural roads and state roads is as follows:

- (i) Madhya Pradesh has witnessed a major rural roads program as well as a major state roads program, both financed by ADB;
- (ii) The State has districts (viz., Ujjain and Chindwara) that have witnessed a high level of road improvement activities as part of rural roads and state roads programs; and
- (iii) The State also has districts (viz., Sidhi, Barwani and Datia) that have witnessed a relatively low level of activity.

33. The rationale for using the Surat-Manor toll road in Gujarat is as follows:

- (i) The Surat Manor toll road has recently been completed using ADB financing;
- (ii) The toll road has been developed as a commercially viable national highway in line with several other programs of the NHA; and
- (iii) The toll road can be identified as a distinct project connecting centers of economic activities.

34. OED is currently evaluating the **environmental safeguards** policy of ADB as part of a special evaluation study that covers India. This evaluation will cover two loans in India (Loan 1944-East West Corridor and Loan 1959-Madhya Pradesh State Roads Sector Development Program) that fall within the scope of the transport SAPE. The SAPE consultants will interact with those of the environmental safeguards evaluation study to take on board the latter's findings. Current developments relating to environmental safeguards for the transport sector, obtained from the special evaluation study, will be summarized in the SAPE report. The SAPE will not conduct a separate environmental study. It will only use the findings of the environmental safeguards evaluation study and verify them during the site visits.

35. The SAPE will generally follow the methodology laid down for the country assistance program evaluation. More specifically, the questions identified in para. 13 above will be addressed as follows:

- (i) A broad analysis of the CSPs will be carried out to assess the transport sector strategies followed by ADB since 1987 (to answer question 13a[i]). This will include consultations with the Economics Research Department, as well as the South Asia Department;
- (ii) A document review will be carried out in Manila as well as in the India Resident Mission (INRM) to assess project issues and lessons that could have wider implications;
- (iii) ADB operations (to address questions 13a[ii] and 13a[iii]) will be reviewed by:
 - a. discussions with INRM staff, development partners, and key government officials in India;
 - b. field assessment of selected completed and ongoing operations in Madhya Pradesh and Gujarat State;¹² and
 - c. review of project/TA completion reports and/or project/TA performance audit reports;
- (iv) Broad technical and financial studies (as detailed in paras. 19 and 20) will be carried out to ascertain the likelihood of sustainability of the projects (to address question 13a[iv]).
- (v) A review of the developments in the Indian roads, rail, waterways, and ports subsectors will be carried out using secondary sources such as
 - a. data from the Planning Commission; Ministry of Shipping, Road Transport, and Highways; Ministry of Rural Development; and Ministry of Railways;
 - b. reports published by other government and nongovernment agencies; and

¹² Most of the projects included within the evaluation are ongoing, with some where the construction is yet to begin. The Operations Evaluation Mission (OEM) will attempt to draw inferences about the likelihood and nature of the expected results (i.e., outputs and likely broad outcomes). However, it will be difficult to draw any conclusions on the likely impacts. Analysis of the "with and without" project will not be carried out in the absence of a completed project. However, an attempt will be made to analyze the broader changes in economic development associated with a general improvement in transport infrastructure in the area/region.

- c. structured discussions with transport experts, practitioners, and key stakeholders such as NGOs, infrastructure financing banks, contractors, transport operators, and rail freight users.

This will provide answers to the questions 13b(i) and 13b(ii) on assessing ADB's thematic initiatives and trends in the sector.

4. Issues

- 36. The SAPE will attempt to analyze the following issues:

- (i) Issues related to the transport sector in India
- a. Corruption has been perceived to exist in various forms not only in India but also in most other developing countries. Corruption or the lack of transparency in project implementation has been perceived to exist in procurement activities, licensing, use of materials etc. These issues are currently being debated in India. The SAPE will take on board the views of the government officials, non-government organizations (such as Transparency International), other development partners and stakeholders in this respect to evaluate to what extent ADB projects and TAs have addressed this issue and reported any misuse. Reviews of reports and recommendations of the President, minutes of ADB's Management Review Meetings will need to be carried out to assess the level of importance accorded to addressing corruption in project designs. This will also enable an assessment of the INRM's efforts in this respect.
 - b. There appears to be no formal process for coordinating transport sector planning and projects development involving the external multilateral and bilateral financing agencies in consultation with the Government of India. The SAPE will assess the potential benefits of having regular meetings of a consultative, multi-agency group, and seek views from key stakeholders on their potential support for its formation.
 - c. An integrated approach to planning a multimodal transport system for India is not currently being used, partly due to the separation of government agencies responsible for roads and highways, rail and inland waterways, and urban transport. For the 11th Five-Year Plan, the Planning Commission is giving more consideration to greater integration of the transport systems, aimed at improved efficiencies and cost reductions. The SAPE will briefly review and comment on plans and progress toward an integrated transport system and overall strategy.
 - d. The present tariff policy and structure for transport appears to be a factor in causing rail freight rates to be higher than via road, with a perceived shift of some rail freight to road transport services. The SAPE will attempt to assess and quantify the extent of any modal shift and for which type of goods, and to briefly review current tariff policies and their effects within the sector.
 - e. Safety is a serious issue facing all land transport modes in India and measures are currently under consideration by government to improve the situation on the roads, railway, and (possibly) on the inland waterways. The SAPE will assess the extent of the transport safety issues currently being faced in India and offer comment on the remedial measures and action plans being considered by government.
 - f. An essential ingredient in any safety program is a combination of appropriate regulations and their targeted enforcement. The SAPE will briefly review current regulations and obtain information from interviews and observations to assess perceptions on the effectiveness of current regulations and levels of enforcement by the responsible agencies.
 - g. ADB has been following a program-based approach in the transport sector. The SAPE will assess the efficiency and effectiveness of this approach in light of the current and future needs.

(ii) Issues specific to the subsectors

a. Roads

- i. The spread of the human immunodeficiency virus/sexually transmitted diseases has been a major issue caused by the increasing traffic on the improved roads in India. The Operations Evaluation Mission (OEM) will endeavor to analyze the extent of this issue using secondary sources of information, viz., reports from other development partners and NGOs, discussions with government officials, interviews with NGOs, truck associations, etc. The socioeconomic study will address this issue (para. 29).
- ii. There are evident concerns regarding current practices with respect to road rehabilitation and resettlement and the SAPE will review recent experiences, issues, and concerns. This will be assessed as a combined effort within the technical (paras. 23 and 24) and socioeconomic studies (para. 29).
- iii. Prioritization, funding, and current practices for periodic and routine road maintenance will be assessed given the fact that a number of roads and highways are reputedly in a state of disrepair. This will be done as part of the technical study (paras. 23 and 24).
- iv. PSP in the rehabilitation as well as O&M has been perceived to be a crucial issue in several countries. India has been encouraging PSP in several forms in the road subsector. This will be assessed as part of the discussions with key informants and included in the technical (paras. 23 and 24) and financial studies (para. 26).
- iii. Procurement problems have been perceived to be a source of delays in project implementation. This will be reviewed during discussions with government officials and assessed as an integral part of the technical study (paras. 23 and 24).
- iv. Reports¹³ on road safety in India have highlighted issues related to the physical design of roads with cases of noncompliance with the road standards. The technical study (paras. 23 and 24) will assess this and other road safety-related issues.
- v. The use of overloaded, rigid axle heavy trucks on NH is perceived as an evolving issue, made more serious due to limited weighstation facilities, (possibly) outdated regulations, and their ineffective enforcement. The extent of this issue will be reviewed with NHAI and state public works departments, and included in the technical study (paras. 23 and 24).
- vi. NHAI has some evident concerns regarding the safety of pedestrians crossing newly improved NH routes, even where crossing facilities may be provided as part of the design. The technical study (paras. 23 and 24) will review and assess the potential outcomes and extent of this concern. Any similar concerns

¹³ Span-Finnroad-Consia JV. 2005. *Road Safety Audit of Select National Highway/Expressway Sections of Western Transport Corridor and Part of East-West Corridor Under National Highway Development Project (NHDP)*. Package B.

- on State roads will be discussed with state public works departments.
- vii. NHAI has embarked on a major exercise of expanding the capacity of NH in India. Financing of these projects, as well as the maintenance of the improved projects, is an enormous task that the NHAI is faced with. Although PSP is being promoted where possible, a majority of the highways are being funded by NHAI using public funding. It needs to be assessed whether the current level of allocations (including direct cess) is sufficient to fulfill the requirements. The financial study (para. 26) will address this issue.
 - viii. India appears to have good environmental regulations applicable to the transport sector. The SAPE will review recent practices in this area to assess how effective has been the implementation of environmental safeguards on ADB-funded road and highway projects. The environmental study (para. 35) will address this issue on a selected range of projects.

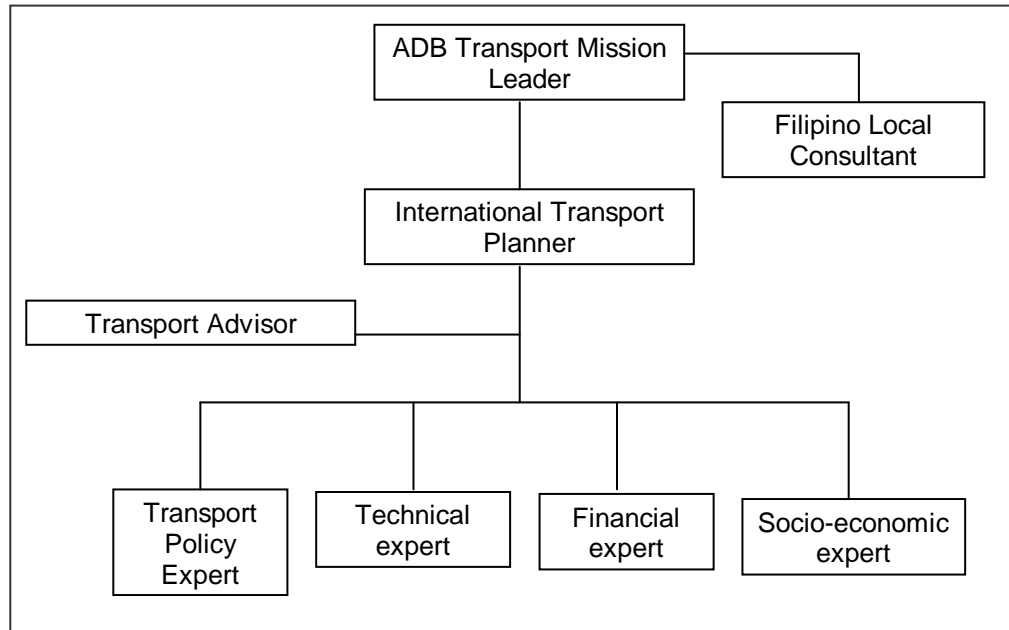
b. Railways

- i. Loan 1981 identifies a wide range of reforms that ADB is supporting for implementation in the IR in the medium term (2002–2010). The OEM will need to assess the progress of these reforms until date. It will also need to be assessed whether the level of reforms included in the ADB loan could be perceived to be adequate in producing tangible outcomes in terms of improving operational efficiency of IR. This will be addressed during the OEM's discussions with IR.
- ii. The current tariff system of the IR cross-subsidizes the passenger traffic to keep the passenger prices down. This has resulted into higher rates for freight traffic making the railways more expensive as compared to road freight. The OEM will review the progress of the reforms to assess whether steps are being taken to rectify this.
- lii. India has been encouraging PSP in various forms in the rail subsector. The financial study (para. 26) will summarize recent PSP developments in rail and assess the prospects for their growth and expansion.

5. Consultants' Inputs

37. The consultants' will be organized as below:

38.



The mission leader (ML) will be supported in ADB Headquarters (HQ) by a local HQ consultant during the first 3 months of the study to assist in preparing for the OEM as well as to analyze available information.

39. A transport planner will be appointed to integrate the work of the Indian sector specialists and to provide a macro overview of the entire transport sector. The transport planner will develop a detailed workplan and structure the consultations. The transport planner is expected to be appointed for a period of 3 person-months over the period 2 April–31 July 2006.

40. A transport advisor will be appointed to provide a framework for policy assessment and carry out an initial study of the rail subsector. This advisor will also act as an external peer reviewer.

41. A transport policy expert (TPE) will be appointed to conduct an evaluation of the road and highways subsector. Besides analyzing the roads and rail sector policies and ADB's strategies therein, this expert will assess the progress of reforms initiated by IR as part of ADB's assistance (Loan 1981). It is understood that a consultant has already been appointed as part of the ADB Loan to monitor the status of the rail reforms. The TPE will assess the outputs of this consultant besides conducting an independent assessment based on discussions with IR. In the ports subsector, this expert will assess the level of PSP to review whether ADB's exit from this subsector was justified. The TPE will be appointed for a period of 2 person-months (9 May–8 July 2006).

42. The technical expert, socioeconomic expert, and financial expert will carry out their respective studies as identified in the above-mentioned methodology (paras. 23 to 35). These experts will be appointed for a period of 2 person-months (9 May–8 July 2006).

43. Appendix 2 provides the terms of reference (TOR) for the ML and the evaluation officer. Appendix 3 provides the TOR for the consultants.

6. Structure of Evaluation

44. The evaluation will be conducted as follows:

- (i) Period of Evaluation—7 months leading up to the interdepartmental stage (from 1 March to 30 September 2006) and
- (ii) Structure of Consultants—seven consultants including one HQ consultant.

E. Schedule of Evaluation

45. The ML will provide two inputs in India. The first trip will be a reconnaissance mission to hold discussions with key stakeholders and to finalize the Indian consultant team. The second trip will be longer and will entail visits to different state capitals, besides supervising the start of the assessment work in Gujarat.

46. The broad schedule of the evaluation is as follows:

Approval of Draft Position Paper	I March 2006
Appointment of International Transport Planner	IV March 2006
Reconnaissance Mission	I–II April 2006
Appointment of Indian Domestic Consultants	I May 2006
Second OEM Mission	II–III May 2006
Submission of a Summary of the Findings (5 pages)	I June 2006
Third OEM Mission	II June 2006
Approval of the Director General, OED	III December 2006

Appendixes

Appendix 1: Assessment Framework

Appendix 2: Terms of Reference for the Mission Leader and Evaluation Officer

Appendix 3: Terms of Reference for Consultants