

## **Capacity Building Technical Assistance for the Flood Emergency Reconstruction Project**

### **A. Background**

1. In the wake of the floods, the Government of Pakistan (the Government) requested the Asian Development Bank (ADB) and World Bank to lead a Damage and Needs Assessment (DNA). Based on the DNA findings, the total damage has been estimated at \$10 billion. Several external institutions have already committed support to the Government for rehabilitation and reconstruction activities mainly in livelihood restoration, cash grants for housing, agriculture, and social sectors. There are major funding and capacity needs in the infrastructure sectors including transport, irrigation, flood management, and other public infrastructure that remain unfulfilled.
2. ADB has indicated to the Government an assistance package of \$650 million through the proposed Flood Emergency Reconstruction Project (FERP). This project, to be implemented for three years, will finance the rehabilitation and reconstruction of priority infrastructure in multiple sectors with focus on roads and bridges; and irrigation, drainage, and flood protection.
3. FERP's implementation structure will have five mottos: speed, efficiency, transparency, building back better and safer, and accountability. Extraordinary implementation arrangements, with a clear departure from the normal "business-as-usual" approach, will be adopted by both the Government and ADB, with fast-tracked design, procurement, and execution. Implementing FERP with speed, while adhering to fiduciary, social and environmental safeguards, will be a challenge for all the institutions involved with FERP's implementation. To meet these challenges, an advisory technical assistance (TA) project is proposed to be attached to the FERP.
4. Because of its multi-sectoral nature and decentralized implementation modality, through which one federal agency and two provinces will take the lead in FERP's implementation, multitude of implementing agencies (IAs) will be involved in FERP's implementation. It is also envisaged that a mix of national firms and consortium, possibly comprising several consulting firms, will be recruited as Project Management Consultants (PMCs) to manage safeguards, social and gender aspects, fiduciary risks, monitoring, procurement, and reconstruction supervision activities by each IA.
5. As there are no PMC models available in most sectors and given the geographic scope of this project, it is anticipated that recruitment and mobilization of the PMCs may take five to six months. In this context, it is proposed that immediate IA support (before mobilization of the PMC) will also be provided through the TA which will fund recruitment of a consulting firm, and/or individual consultants contracted directly, or through a firm, by ADB. The TA will: (i) assist in the preparation of documentation for recruitment and contracting of the PMC; (ii) enhance national competitive bidding procedures, including competitive prequalification of groups of contractors, and contracting arrangements; (iii) support and advise on design and (early) construction supervision; (iv) recruitment of consultancy services; (v) institutional strengthening; (vi) support to preparation, implementation and monitoring of safeguard action plans, including information sharing, consultations, disclosure, social and gender analysis, and implementation and monitoring of gender action plans; (vii) establishment of financial control monitoring and disbursement procedures; and (viii) internal pre-audits to control fiduciary risk.

6. Similarly, a dedicated unit in the Pakistan Resident Mission (PRM) that will administer this thinly-spread project would also require additional capacity and resources. After the recruitment of the PMC, the same consultants would be used mainly for monitoring, training, and capacity building and technical advice in the same disciplines, although the number would be reduced.

## **B. Scope of Services**

7. The TA project has three components.

### **1. Component 1: Supporting key Governance Functions**

8. This component will further strengthen key governance functions within the executing agencies (EAs) and key IAs involved in FERP. This would be achieved through the engagement of specialists in the field of monitoring and evaluation, sector coordination, governance, procurement, contract management, communication and institutional aspects. These specialists will ensure the early establishment of the implementation mechanisms and capacities for an efficient and effective delivery of FERP's reconstruction activities. Some of the specialists will assist ADB-Flood Reconstruction Unit to fast-track project administration and disbursement tasks and to engage consultants including the PMC. The main tasks of the specialists include: (i) facilitating the establishment of a performance monitoring system, satisfactory to ADB, (ii) guiding the development of a comprehensive project performance monitoring system and procedures in accordance with ADB's Project Performance Monitoring Systems Handbook; (iii) assist in developing sector policies and strategies related roads, irrigation, flood protection, asset insurance and risk financing in line with DNA and Government's Flood Reconstruction Plan; (iv) provide oversight and develop capacities in procurement of goods, works, and services so that procurements and hiring are carried out in a manner consistent with the simplified and expedient procedures permitted under the ADB's Disaster and Emergency Assistance Policy and ADB's Guidelines for Procurement 2010 and the contemplated implementation schedule; (v) provide oversight and advice on design and contract administration between Employer/Client, Contractor and Consultants; and (vii) develop and implement FERP external and internal disclosure, and communication strategy and activities.

### **2. Component 2: Support to Fiduciary Arrangements Comprising Financial Management, Accounting and Internal Controls**

9. This component will support the EAs and the IAs to set up, operationalize, and monitor financial management and internal control systems required for the implementation of the FERP. The component will support the strengthening of fiduciary oversight by providing support as necessary including training and advice on adoption of international best practices of internal controls and records and documentation for audits, monitoring of third party audits of the entire FERP-financed program depending upon needs, and to extend a TA to the EA and the IAs to establish and operate a robust Financial Management Information System during the implementation of FERP. This component will finance engagement of experienced financial management specialists. The main tasks of the specialists will include: (i) providing inputs for augmentation of financial management capacity in addressing issues related to internal controls and accounting systems; (ii) review and provide comments on overall financial and management strategies, policies, and procedures of the FERP and loan/grant arrangements for partners relating to the floods to ensure their adequacy of design and continued operational effectiveness; (iii) work closely with EA and IAs to ensure a smooth integrated comprehensive

financial management, accounting and Internal Control Systems relating to ADB's assistance; (iv) advise EA in financial management and budgeting systems, financial reporting and record maintenance policies and procedures, and overall risk management and internal control system including training need assessment of staff and training of relevant staff of EA and IA; and (v) review and, if required during the implementation period, recommend revision in policies, procedures and guidelines on accounting, internal controls and disbursement within the IAs as midcourse adjustments to ensure desired results.

### **3. Component 3: Environment and Social Safeguards, Social and Gender Aspects**

10. This component will provide support to the IAs and EAs of the FERP to comply with national and ADB safeguard and gender policies, grievance redress mechanisms. There is limited local capacity available to undertake safeguard and social protection activities. This component will finance the engagement of experienced safeguard specialists internationally and if available locally. The main tasks of the specialists include (i) provide capacity development to the EA/IA on ADB safeguard, social and gender policies and procedures; (ii) initially prepare safeguard documents, support the implementation and later on work with the PMC in preparing, implementing and monitoring of safeguard and gender action plans; (iii) conducting periodic reviews of safeguard compliance; (iv) provide dedicated support as a focal point for grievance redress and help establish the grievance redress system and community outreach in the EA/IA operations; (v) provide assistance to the EA/IA to prepare updated plans and monitor the status and issues related to environmental and social compliance; and (vi) provide capacity support to the implementation of the Gender Action Framework, including identification and preparation of subproject gender action plans, as well as direct assistance to women's access to employment opportunities provided by the project and analysis of women's livelihood needs to design a targeted livelihood project for women.

#### **C. Staffing**

11. Under the TA, 20 person-months of international consultants and 600 person-months of national consultants<sup>1</sup> are proposed. The suggested division of the international and national person-months is tentative and subject to change in accordance with needs confirmed during implementation. The breakdown of the consulting services by the three components will be confirmed during implementation.

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

12. There will be three IAs and two EAs for the TA. The proposed TA project is scheduled to be implemented over 45 months, from April 2011 to December 2014. Administration of the proposed TA project will be delegated to the PRM. The establishment of an advisory committee with representatives of NHA and planning and development department of Sindh, representing the two EAs, chaired by ADB, is proposed. This committee would (i) provide the Government concurrence on consultants, (ii) approve progress and annual reports, and (iii) provide guidance to the team of consultants. PRM will provide secretariat services to the advisory committee. All consultants will be engaged by ADB in accordance with its Guidelines on the Use of

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<sup>1</sup> The respective EAs and ADB may decide to convert the international consulting services into domestic consulting services based on actual needs but such conversion should be budget-neutral. These consultants will be supported by 1,000 person-months of support and field staff inputs for surveys and data collection, etc.

Consultants (April 2010, as amended from time to time). Hiring of individual consultants up to a maximum of \$6,000 monthly remuneration will be delegated to PRM. Procurement of equipment will be conducted in accordance with ADB's Procurement Guidelines (April 2010, as amended from time to time) and other arrangements satisfactory to ADB for procurement.

13. The TA would mostly use individual consultants on needs basis. On average, 6 to 8 consultants for each IA will be mobilized to provide immediate support before the hiring of PMC. A deployment plan based on requirements and terms of reference of key consultants for the TA will be developed during the first months of its implementation. For specific areas, the consultants will update and use existing training modules already developed for environmental and social compliance, which have been delivered by ADB and other agencies or individuals. In such cases, single source selection of nongovernment organizations or consultancy firms will be undertaken based on their comparative advantage, using ADB's Emergency Assistance Policy. As such, single-source selection of the consultants is proposed to ensure the continuity of the training, as well as the implementation of ADB's Safeguard Policy Statement 2009, and social and gender policies and procedures to take advantage of their experience in these activities. Single-source selection also will be conducive for the timely execution of the FERP, which is expected to be completed by first quarter of 2014. The consultants' detailed terms of reference for each assignment will be developed prior to the engagement of the consultant.

#### **E. Reporting and Documentation Requirements**

14. The advisory committee will endorse the biannual reports prepared by the secretariat before submission to the Government and ADB.

#### **F. Cost and Financing**

15. The estimated cost of the TA is at \$4,000,000 which will be financed by ADB grant

**Table 1: Cost Estimates and Financing Plan**

A. Asian Development Bank Financing (1)		Total Cost (US\$)
1	Consultants	
	Remuneration, Per Diem, Travel	
	International Consultants	500,000
	National Consultants	2,000,000
2	Workshops	140,000
3	Communication and Documentation	60,000
4	Logistic Support (Equipment/vehicles, etc.)	200,000
5	Contracts (Support Staff and Short-term Field/Technical Data Team remunerations)	900,000
6	Contingencies	200,000
	<b>Total</b>	<b>4,000,000</b>