



Completion Report

Project Number: 43166-012
TA Cluster Number: 0003
September 2016

India: Advanced Project Preparedness for Poverty Reduction

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TA Cluster No., Country, and Name:			Amount Approved: \$14,000,000	
TA 0003-IND: Advanced Project Preparedness for Poverty Reduction			Revised Amount: \$22,000,000	
Executing Agency: Department of Economic Affairs, Ministry of Finance, Government of India		Source of Funding: Government of the United Kingdom	Amount Undisbursed: \$3,032,653.15	Amount Utilized: \$18,967,346.85
TA Approval Date: 31 August 2009	TA Signing Date: 14 October 2009	Fielding of First Consultants: 19 February 2010	TA Completion Date Original: 31 August 2012 Actual: 31 December 2015	
			Account Closing Date Original: 31 August 2012 Actual: 15 August 2016	

Description

The cluster technical assistance TA 0003-IND: *Advanced Project Preparedness for Poverty Reduction*, financed by the Government of the United Kingdom through the Department for International Development (DFID) with an overall allocation of \$22 million equivalent (£14 million), was covered by the DFID-ADB Partnership for India (2009–2013) in two phases.¹ It comprised a total of 31 component TA projects. ADB, through its India Resident Mission administered the TA. The TA aimed to facilitate enhanced project preparedness² of ADB-supported projects, especially in lagging states³ and pro-poor sectors.⁴ It reduced the need for stand-alone TA projects and increased the government's ownership of follow-up projects. The TA was intended to improve the quality and delivery of ADB's assistance program for India.

Expected Impact, Outcome, and Outputs

The expected impact of the project was to accelerate poverty reduction in the low income states in India in the period 2008–2015. The expected targets included: (i) increase in the proportion of new ADB loans in low income states over 2008 levels by at least 5%, (ii) reduction in poverty headcount in the identified low income states, and (iii) enhance capacity.

The outcomes included: (i) achievement of comprehensive project preparedness in the poorer states and in pro-poor sectors and (ii) enhanced capacity of the government and other executing agencies to successfully implement projects.

The outputs included support for advanced preparation of projects in the India program through component TA projects encompassing varying project preparation and capacity development requirements for effective implementation. The project preparatory assistance encompassed a range of activities including feasibility studies, preliminary design, due diligence, detailed design, and preparation and evaluation of bid documents. Capacity development was undertaken for effective project implementation.

Delivery of Inputs and Conduct of Activities

The cluster TA was executed by the Department of Economic Affairs (DEA) and administered by the India Resident Mission (INRM). A Joint TA Advisory Committee (JTAC), comprising Joint Secretary DEA and Country Director INRM, proactively guided the implementation of the cluster TA. Project officers of the component TA projects provided critical regular feedback to the JTAC on the processing and implementation status and risks. This was immensely useful in identifying savings, making mid-term corrections, and substituting component TAs where

¹ Under Phase 1, a project-specific financing agreement for \$14 million equivalent (£8.5 million) covered 17 component TA projects to be completed by 31 August 2012. Phase 2 for \$8 million equivalent (£5.5 million) with 9 new component TA projects was initiated in September 2011 through a major change in scope and implementation arrangements, which also extended the completion date to December 2013. December 2015 was the final TA completion date after two further no-cost extensions were undertaken.

² The ADB Board of Directors approved, on an exceptional basis, the inclusion of project preparatory TAs (PPTAs).

³ Lagging states included those with a high incidence of poverty (as defined by the Multidimensional Poverty Index of the United Nations Development Programme) or "special category states" (as defined by the Government of India i.e., with hilly terrains, sparsely populated habitations, and high transport costs leading to high costs of delivering public services), such as Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, and West Bengal, as well as Assam, Himachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura.

⁴ Pro-poor sectors and focal areas categorized by DFID included water resources management, agriculture, rural development, development of less-developed regions, urban poverty reduction, and gender.

warranted. Based on these inputs, the JTAC made decisions regarding the deletion and addition of new component TA projects. The expansion in number of component TAs within the cluster TA envelope was facilitated through continuous assessment and plough back of savings. It was agreed with DFID that TA savings could be reutilized to enhance existing component TAs of finance new component TAs. . The undisbursed amount was due to three subprojects which reduced scope at the request of the executing agencies (\$300,000 for TA 8056, \$300,000 for TA 8019 and \$1.3 million for TA 8543). Funds for TA 8543, in particular, could not be reutilized as the cluster TA had approached its closing date.

The original cluster TA completion period of 36 months (from 31 August 2009 to 31 August 2012) was increased to 52 months (from 31 August 2009 to 31 December 2013) though a major change in scope and implementation arrangements (footnote 1). It was further increased to 76 months (from 31 August 2009 to 31 December 2015).

International and national consultants were engaged through 138 contracts, in accordance with ADB's Guidelines on the Use of Consultants (2007, as amended from time to time). Project officers of the component TA projects closely monitored implementation of these contracts. The performance of the executing agency, implementing agencies, the consultants, and ADB was satisfactory.

Evaluation of Outputs and Achievement of Outcome

The TA supported 31 approved component TA projects (see Appendix 1) with the following sectoral allocation: 9 transport, 8 energy, 6 urban development, 4 agriculture and natural resources, 2 finance, 1 human development, and 1 multisector (gender).

The cluster TA made substantial contribution to ADB's focus on low-income states in India by supporting ADB investments which helped catalyze growth, thereby contributing towards the overall objective of poverty reduction. A total of 76% of the cluster TA allocation was targeted towards poor and weak-capacity states and 71% of the cluster TA allocation has been towards pro-poor sectors. The purpose was to have increased impact of ADB loans on poverty in the poorest states. Increased effectiveness of ADB operations in low income states are indicated in:

- Loan approvals to low income states increased from \$986 million in 2010 to \$1,221 million in 2015. The increase is attributable to enhanced project readiness, which the component TA projects under the umbrella cluster have helped in achieving.
- Proportion of ADB loans to poorest states increased from 51% in 2010 to 67% in 2015.
- The cluster TA supported 20 loans amounting to \$5,018 million in the India country program. The leverage ratio (the amount of loan approvals leveraged through each \$1 million of TA support) through DFID supported TAs was \$332 million indicating very good use of the cluster TA resources towards targeting poverty.

Increase of ADB's operations in low income states was possible due to enhanced capacity in the states, built through the capacity and project preparatory assistance provided through the component TAs, which also contributed significantly to the improvement in processing and implementation of projects. The cluster TA also significantly improved the efficiency of preparing, processing, and approving TA projects, aided by simplified procedures. The average processing time reduced from 8 months at the start of the partnership to about 6 months since 2013. Additionally, it helped achieve a disbursement ratio for sovereign loans in low income states of around a healthy 20% in 2011 and 2012.

- The proportion of ADB loans classified as 'targeted' (i.e. addressing poverty reduction and inclusive growth more directly) increased to 29% in 2014 from a baseline of 8.3%, 2008.
- Proportion of 'gender mainstreamed' ADB projects increased from 38% in 2011 to 43% in 2014, showing excellent progress in the gender targeting of ADB resources.

Overall Assessment and Rating

The TA is rated as successful. The partnership greatly enabled India to expand its operations into the poorest states effectively. It supported the expansion of ADB operations into 22 states of the country, including new projects in Jharkhand and Manipur. It also enabled building of stronger capacity of implementation agencies within states for core infrastructure projects. Thus, the TAs not only helped capacity of these agencies for implementation of the associated ADB project but also introduced systems and sustainable best practices for undertaking other government and donor agency projects in the poorest states of the country. Due to the mechanism of reutilization of TA savings, over the 6 year period, the cluster TA supported 31 out of a total of 123 TAs in India, or about 25% of ADB India's TA portfolio.

- *Support to weak capacity states:* The partnership greatly enabled ADB effectively expand its operations into the poorest states of India. The government appreciates the TA's flexibility in addressing the advisory, capacity building, and project preparatory requirements in the less developed states of Bihar, Chhattisgarh, Jharkhand, and the northeastern region. The total ADB investment (i.e., loan approvals) going to the poorest states rose almost from \$870 million in 2008 to 1,640 million in 2012. The proportion of loan approvals to the poorest states

increased from 51% in 2011 to 65% in 2013 to 67% in 2015, surpassing the target increase of 5%.

- *Support to pro-poor sectors:* The TA also supported emerging priority areas of the government, as reflected by the component TA projects on agribusiness infrastructure, flood and riverbank erosion control, natural resource management, clean energy, skills development and infrastructure financing

Major Lessons

The design of the cluster TA was very effective and may be used for future ADB engagements in DMCs.

- The cluster TA modality allowed efficient processing of TAs and the government greatly appreciated the TA's flexibility in addressing the advisory, capacity building, and project preparatory requirements, especially in the less developed states of the country.
- The partnership between the two donor agencies synergized the poverty focus of the assistance. Regular meetings with DFID and quarterly and annual reporting helped continuously check focus, targeting, and utilization of the component TA projects.
- The regular monitoring by the JTAC increased government ownership and provided a broader vision for ADB's India operations and the framework for the inclusion of new component TA projects.

The challenges faced during implementation highlight the importance of anticipating and planning for time delays.

- A key challenge was low disbursement, mainly attributable to the focus on weak-capacity states and focal areas. This resulted in two one-year, no-cost time extensions made to the Partnership to extend the closing date from December 2013 to December 2015.
- Besides focus on weak-capacity states and sectors, the cluster TA included two regional cooperation and integration (RCI) projects. RCI, a mandate of ADB is also an important thrust area for DFID. The two RCI projects, supported by DFID PPTAs, took longer than other projects due to multi-state, multi-ministry, and multi-agency coordination and involvement.
- Utilization of TA savings enabled inclusion of increased number of component TAs in the cluster. However, a large amount of savings from one TA (\$1.3 million from TA 8543) could not be reutilized as the cluster TA had approached its closing date.

Recommendations and Follow-Up Actions

The experience and success of the cluster TA and partnership with DFID supported the preparation of a cluster TA for India under the new multi-donor trust *Urban Climate Change Resilience Trust Fund (UCCRTF)*, established under the Urban Financing Partnership Facility (UFPF). The UCCRTF is to help build resilience to the effects of climate variability and climate change within medium-sized cities in Asia, particularly to reduce the vulnerability of the urban poor. It will use a systems-centered approach, linked to the implementation of infrastructure and policy or institutional interventions, as well as strong knowledge, capacity building, and networking components.

TA = technical assistance.

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**List of Component TA projects under
CTA 0003-IND: Cluster Technical Assistance on Advanced Project Preparedness for Poverty Reduction**

	Type	No.	Component TA Project Name	Amount (\$'000)
Phase I				
1	CDTA	7392	Support for the Jawaharlal Nehru National Urban Renewal Mission (Phase II)	2,200
2	PPTA	7390	Madhya Pradesh State Roads III	600
3	CDTA	7478	Capacity Development of Bihar Power Sector Entities	500
4	CDTA	7410	Capacity Development for Sustainable Coastal Protection and Management	290
5	CDTA	4573	Water Users Association Empowerment for Improved Irrigation Management in Chhattisgarh (attached to Chhattisgarh Irrigation Development Project)	800
6	PATA	7538	Land Transport Management and Master Plan for Sikkim	1,100
7	PPTA	7565	Preparing the Investment Plan for Himachal Pradesh Urban Development	200
8	CDTA	7745	Capacity Building for Meghalaya Public Resource Management	200
9	CDTA	7722	Capacity Development for Community-Based Flood Risk Management in Assam	600
10	CDTA	7766	Institutional Development for Value Chain Approach to Agribusiness in Bihar and Maharashtra	850
11	CDTA	7761	Capacity Development for Jharkhand State Roads Sector	1,100
12	PPTA	7814	Rajasthan Solar Park Capacity Development	500
13	CDTA	7815	Gujarat Solar Vocational Training And Livelihood	400
14	CDTA	7867	Capacity Building and Institutional Strengthening for Assam Urban Infrastructure Investment Program	600
15	PPTA	8007	West Bengal North South Road Corridor Project (SASEC Port Connectivity)	1,295
16	CDTA	8063	Capacity Building for North Eastern State Roads	700
Phase II				
17	CDTA	7884	Capacity Building for Bihar Urban Infrastructure Development	600
18	CDTA	7921	Supporting Clean Village Environments for MDGs	600
19	PPTA	8041	Designing and Capacity Building for Strengthening State Finances and Service Delivery in West Bengal	220
20	PPTA	8020	Preparing the Rajasthan Renewable Energy Transmission	225
21	PPTA	8019	Preparing State Road Projects (Chhattisgarh, Jharkhand)	900
22	PPTA	8043	Rajasthan Urban Development, Phase III	850
23	CDTA	8056	Gender Inclusive Capacity Development for Electricity Distribution Loss Reduction in Rural Madhya Pradesh	410
24	PPTA	8116	Detailed Design For the SASEC Subregional Road Connectivity	2,000
25	CDTA	8129	Preparation of Power System Master Plan for Assam	400
26	CDTA	8295	Capacity Building Chhattisgarh Public Work Department	500
27	PPTA	8351	Preparing the Second Assam Power Sector Enhancement Project	975
28	CDTA	8420	Enhancing Capacities of Executing and Implementing Agencies to Achieve Gender Equality	600
29	CDTA	8543	Support for Uttarakhand Emergency Project	700
30	PPTA	8642	Preparing the Odisha Power Sector Emergency Project	100
31	CDTA	8749	Capacity Development of Institutions in the Urban Sector in Rajasthan	225

Note: CDTA = capacity development TA, PATA = policy and advisory TA, PPTA = project preparatory TA, MDG = Millennium Development Goal.