

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. The Hebi City Government (HCG) requested the Asian Development Bank (ADB) to provide lending support to implement environmental improvement and ecological conservation in and around Qihe River. The proposed project is included in ADB's country operations business plan, 2014–2016 and the ensuing loan in ADB's 2016 lending pipeline for the People's Republic of China (PRC). Since the HCG is not familiar with ADB's project preparation requirements, it is necessary to provide a project preparatory technical assistance (PPTA) to help the HCG prepare the project that complies with ADB's requirements and can introduce best international practices in the project design.

B. Major Outputs and Activities

2. The PPTA will (i) assess the technical feasibility of the project; (ii) conduct due diligence on the economic and financial feasibility of the project; (iii) review safeguard requirements; (iv) conduct social survey and consultations; (v) develop capacity of the HCG for project management; and (vi) prepare project documents, including feasibility study reports (FSR), safeguard documents, and ADB's draft report and recommendations of the President (RRP). The major outputs and activities are summarized in Table A3.1.

Table A3.1: Summary of Major Outputs and Activities

Major Activities	Expected Completion Date	Major Outputs	Expected Completion Date
Sector assessment	By end of January 2015	An inception report	By end of January 2015
Assessment of the technical feasibility	By end of June 2015	Interim and draft final reports including finalized FSRs for	By end of June 2015
Due diligence on the economic and financial feasibility	By end of June 2015	all subprojects, EIA, resettlement plan, a social and poverty analysis report, a	
Review of safeguard requirements	By end of June 2015	gender action plan, an economic and financial	
Social survey and consultations	By end of June 2015	analysis report, a financial management assessment report, PPMS, and draft RRP	
Capacity development of the HCG for project management	By end of August 2015	A final report	By end of August 2015

EIA = environmental impact assessment report, FSR = feasibility study report, HCG = Hebi City Government, PPMS = project performance management system, RRP = report and recommendation of the President.
Source: Asian Development Bank.

C. Cost Estimate and Proposed Financing Arrangement

3. The TA is estimated to cost \$750,000 equivalent, of which \$600,000 equivalent will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The HCG will provide counterpart support in the form of counterpart staff, domestic transportation, provision of office space, communication facilities for consultants, and other in-kind contributions. The detailed cost estimate is presented in Table A3.2.

Table A3.2: Cost Estimates and Financing Plan

Item	Total Cost (\$'000)
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (14.0 person-months)	276.9
ii. National consultants (33.0 person-months)	234.4

Item	Total Cost (\$'000)
b. International and local travel	21.4
c. Reports and communications	6.2
2. Equipment (computer, printer, etc.) ^b	8.0
3. Workshops, training, seminars, and conferences ^c	
a. Facilitators	4.0
b. Training program	8.0
4. Surveys	13.0
5. Miscellaneous administration and support costs ^d	5.0
6. Contingencies	23.2
Total	600.0

Note: The total cost of the technical assistance (TA) amounts to an equivalent of \$750,000, of which contributions from Technical Assistance Special Fund are presented in the table above. The Government will provide counterpart support in the form of counterpart staff, domestic transportation, provision of office space, communication facilities for consultants, and other in-kind contributions, whose value is estimated to account for 20% of the total TA cost.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

^b Equipment (will be handed over to the Hebi city government upon TA completion)

Type	Quantity	Cost
Office computers with wireless broadband internet access	4	\$6,000
Printer (1), facsimile machine (1), digital cameras (2), and other small peripherals	4	\$2,000
^c Workshops, training, seminars, and conferences		
Purpose	Venue	
Stakeholder and resettlement consultation workshops	Hebi City, Henan Province	
Training on social and environmental safeguards, procurement, etc.	Hebi City, Henan Province	

^d Costs for office operation such as costs for secretary, telephone, internet, electricity, and water.

Source: Asian Development Bank estimates.

D. Consulting Services

4. The PPTA will be carried out by a team of consultants. A total of 13.0 person-months of international and 33.5 person-months of national consulting services will be required. Table A3.3 provides details of the required expertise. The consulting firm will be selected by (i) inviting simplified technical proposals; and (ii) using the quality- and cost-based selection method, with a quality-cost ratio of 80:20. The outline terms of reference are described in paras. 5–17.

Table A3.3: Summary of Consulting Services Requirement

Positions	Person-Months Required
International	
Integrated ecosystem management specialist (team leader)	5.0
Biodiversity specialist	2.0
Environmental impact assessment specialist	2.0
Social development and resettlement specialist	2.0
Economic and financial specialist	2.0
National	
Wetland management specialist (deputy team leader)	5.5
Biodiversity specialist	2.0
Aquatic insect specialist	1.0
Forest and freshwater wetland vegetation specialist	2.5
Water resources and Flood management specialist	3.5
Wastewater management specialist	2.5
Climate change specialist	1.0
Environmental impact assessment specialist	4.0
Resettlement specialist	4.0
Social development specialist	2.0
Economic and financial specialist	3.0
Financial management specialist	1.0
Procurement specialist	1.5

Source: Asian Development Bank estimates.

5. **Integrated ecosystem management specialist/team leader** (international, 5.0 person-months [pm]). The specialist will have a degree or relevant qualification in ecosystem management or other related fields, and work experience in designing projects. The specialist will have overall responsibility for quality of all PPTA outputs, coordinating government agencies and other specialists. Specifically, the specialist will (i) prepare a sector assessment report, (ii) improve the initial project design and monitoring framework, (iii) establish a project performance management system, (iv) prepare the project implementation schedule and detailed implementation arrangements, (v) prepare a draft RRP, and (vi) organize and implement training to develop capacity of the HCG.
6. **Wetland management specialist/deputy team leader** (national, 5.5 pm). The specialist will have a degree or relevant qualification in wetlands management or other related fields, and work experience in wetland management. The specialist will assist the international integrated ecosystem management specialist/team leader in accomplishing his/her tasks.
7. **Biodiversity specialists** (international, 2.0 pm; national 2.0 pm). The specialists will have a degree or relevant qualification in biodiversity or related fields, and work experience in biodiversity conservation. The specialists will (i) identify vertebrate fauna and their habitats in the project area and conservation values of the area; (ii) assess potential benefits and impacts of proposed project activities to biodiversity, and develop mitigation measures to offset the potential impacts; and (iii) improve project components related to biodiversity.
8. **Aquatic insect specialist** (national, 1.0 person-months). The specialist will have a degree or relevant qualification in biodiversity, preferably aquatic insects; and work experience in aquatic insect studies. The specialist will (i) identify aquatic insects and their habitats in Qihe River and conservation values of the river for aquatic insects; and (ii) assess potential impacts of proposed project activities to aquatic insects, and develop mitigation measures.
9. **Forest and freshwater wetland vegetation specialist** (national, 2.5 pm). The specialist will have a degree or relevant qualification in botany or related fields, and work experience in vegetation in Henan Province. The specialist will (i) identify vegetation in the project area and conservation values of the area for vegetation; (ii) assess potential benefits and impacts of proposed project activities to native vegetation and develop mitigation measures to offset the potential impacts; and (iii) improve a project component for tree planting.
10. **Water resources and flood management specialist** (national, 3.5 pm). The specialist will have a degree or relevant qualification in water resources management, flood management, or related fields; and work experience in water resources management and flood management. The specialist will (i) identify flood management issues in and around Qihe River and water users; (ii) assess how proposed activities will alter hydrology of Qihe River; and (iii) improve project components for flood management ensuring no adverse impacts on the water users.
11. **Wastewater management specialist** (national, 2.5 pm). The specialist will have a degree or relevant qualification in wastewater management or other related fields, and work experience in wastewater management. The specialist will (i) identify wastewater management issues in Hebi and set targets of the project for wastewater management; and (ii) review proposed project activities and improve a project component for wastewater management.
12. **Climate change specialist** (national, 1.0 pm). The specialist will have a degree or relevant qualification in climate change or related field, and work experience in climate change studies. The specialist will (i) review climate change impacts and local planning for climate change impacts; (ii) assess potential climate change impacts; (iii) assess potential impacts to climate change the project may cause and propose mitigation measures; and (iv) propose adaptation measures to anticipated regional climate change.

13. **Environmental impact assessment specialists** (international, 2.0 pm; national 4.0 pm). The specialists will have a degree or relevant qualification in environmental studies, and work experience in environmental impact assessment. The specialists will (i) assess potential environmental impacts of the project, including social impacts of environmental interventions; and (ii) prepare an environmental impact assessment report and an environmental management plan for the whole project.

14. **Social development and resettlement specialists** (international, 2.0 pm; national, 4.0 pm [resettlement] and 2.0 pm [social development]). The specialists will have a degree or relevant qualification in social safeguards and/or development studies, and work experience in resettlement and/or social development studies. The specialists will (i) assess resettlement impacts; (ii) assist the HCG in preparing a resettlement plan(s), with emphasis on livelihood restoration; (iii) conduct poverty and social analysis; and (iv) prepare a social action plan, a consultation and participation plan, and a gender action plan.

15. **Economic and financial specialist** (international, 2.0 pm; national, 3.0 pm). The specialist will have a degree or relevant qualification in economics or finance, and work experience in project economic and financial analysis. The specialist will (i) prepare project cost estimates, financing plan, and financial projections; and (ii) conduct economic and financial analyses.

16. **Financial management specialist** (national, 1.0 pm). The specialist will have a degree or relevant qualification in financial management, and work experience in project financial management assessment. The specialist will (i) conduct a financial management assessment of the HCG; and (ii) propose arrangements for financial management.

17. **Procurement specialist** (national, 1.5 pm). The specialist will have experience in procurement and consultant recruitments. The specialist will (i) assess capacity of the HCG to undertake procurement and consultant recruitments; (ii) prepare a procurement plan; and (iii) prepare standard bidding documents.

E. Implementation Arrangements

18. The HCG will be the executing agency of the PPTA. The governments of Qibin District, and Qi and Xun counties will be the implementing agencies. A project leading group has been established in the HCG to provide overall guidance for PPTA implementation. A project management office has also been established to administer day-to-day PPTA activities and coordinate with ADB and the implementing agencies. The proposed PPTA will be implemented over eight months tentatively from 8 December 2014 to 7 August 2015. Equipment for PPTA consultants will be procured following ADB's Procurement Guidelines (2013, as amended from time to time), and handed over to the HCG upon PPTA completion. Disbursement under the PPTA will be in line with ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time). The proposed TA processing and implementation schedule is listed in Table A3.4.

Table A3.4: Technical Assistance Processing and Implementation Schedule

Major Milestones	Expected Completion Date
Concept paper approval	October 2014
Recruitment of consultants	August–December 2014
Commencement of project preparatory technical assistance	December 2014
Submission of project preparatory technical assistance draft final report	June 2015
Loan fact-finding mission	July 2015
Submission of project preparatory technical assistance final report	August 2015

Source: Asian Development Bank estimates.