



# Report and Recommendation of the President to the Board of Directors

---

Project Number: 47229  
October 2013

## Proposed Loan India: Uttarakhand Emergency Assistance Project

## CURRENCY EQUIVALENTS

(as of 17 September 2013)

Currency unit – Indian rupee/s (Re/Rs)

Re1.00 = \$0.01579

\$1.00 = Rs63.32

## ABBREVIATIONS

ADB – Asian Development Bank  
km – kilometers  
PAM – project administration manual  
SDMA – State Disaster Management Authority

## NOTE

In this report, “\$” refers to US dollars.

<b>Vice-President</b>	B. N. Lohani, Vice-President-in-Charge, Operations 1
<b>Director General</b>	J. Miranda, South Asia Department (SARD)
<b>Director</b>	H. Kim, India Resident Mission (INRM), SARD
<b>Team leader</b>	A. Motwani, Senior Project Officer (Transport), INRM
<b>Team members</b>	C. Arora, Senior Procurement Officer, INRM S. Dasgupta, Senior Project Officer (Urban), INRM P. Khan, Associate Social Development Officer (Gender), INRM G. Mahajan, Senior Environment Officer, INRM D. Rawat, Senior Operations Assistant, INRM V. S. Rekha, Principal Counsel, Office of the General Counsel (INRM) P. Sahu, Associate Project Officer, INRM V. Samarasekara, Senior Climate Change Specialist, INRM K. Sarkar, Financial Control Officer, INRM A. Srivastava, Senior Project Officer (Urban), INRM. R. Swarankar, Senior Safeguards Officer, INRM
<b>Peer reviewer</b>	S. Date, Senior Transport Specialist, Southeast Asia Department

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

## CONTENTS

	<b>Page</b>
PROJECT AT A GLANCE	
I. THE PROPOSAL	1
II. THE PROJECT	1
A. Rationale	1
B. Impact and Outcome	2
C. Outputs	2
D. Investment and Financing Plans	2
E. Implementation Arrangements	4
III. DUE DILIGENCE	6
A. Technical	6
B. Economic and Financial	6
C. Governance	6
D. Poverty and Social	7
E. Safeguards	7
F. Risks and Mitigating Measures	8
IV. ASSURANCES AND CONDITIONS	9
V. RECOMMENDATION	9
APPENDIXES	
1. Design and Monitoring Framework	10
2. List of Linked Documents	13

## PROJECT AT A GLANCE

<b>1. Project Name:</b> Uttarakhand Emergency Assistance Project		<b>2. Project Number:</b> 47229-001	
<b>3. Country:</b> India		<b>4. Department/Division:</b> South Asia Department/India Resident Mission	
<b>5. Sector Classification:</b>			
	<b>Sectors</b>	<b>Primary</b>	<b>Subsectors</b>
	Industry and trade		Industry and trade sector development
	Transport, and information and communication technology	√	Road transport
			Air transport
	Water and other Municipal Infrastructure and Services		Water supply and sanitation
<b>6. Thematic Classification:</b>			
	<b>Themes</b>	<b>Primary</b>	<b>Subthemes</b>
	Economic growth	√	Widening access to markets and economic opportunities
	Social development		Disaster risk management
	Capacity development		Institutional development
<b>6a. Climate Change Impact</b>		<b>6b. Gender Mainstreaming</b>	
Adaptation	High	Gender equity theme (GEN)	
Mitigation	Low	Effective gender mainstreaming (EGM)	√
		Some gender elements (SGE)	
		No gender elements (NGE)	
<b>7. Targeting Classification:</b>		<b>8. Location Impact:</b>	
	<b>Targeted Intervention</b>		
<b>General Intervention</b>	<b>Geographic dimensions of inclusive growth</b>	<b>Millennium development goals</b>	<b>Income poverty at household level</b>
√			
<b>9. Project Risk Categorization:</b> Complex			
<b>10. Safeguards Categorization:</b>			
	Environment		A
	Involuntary resettlement		B
	Indigenous peoples		C
<b>11. ADB Financing:</b>			
	<b>Sovereign/Nonsovereign</b>	<b>Modality</b>	<b>Source</b>
	Sovereign	Sector loan	Ordinary capital resources
	Total		200.0
			200.0
<b>12. Cofinancing:</b>			
No Cofinancing available.			
<b>13. Counterpart Financing:</b>			
	<b>Source</b>	<b>Amount (\$ Million)</b>	
	Government	5.0	
	Total	5.0	
<b>14. Aid Effectiveness:</b>			
	Parallel project implementation unit		No
	Program-based approach		No

## I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed loan to India for the Uttarakhand Emergency Assistance Project.<sup>1</sup>
2. Under the project, basic infrastructure damaged by unprecedented disaster in June 2013 will be reconstructed.

## II. THE PROJECT

### A. Rationale

3. **The disaster.** About 90% of Uttarakhand's land area is mountainous and most is prone to natural disasters. During 15–17 June 2013, major cloudbursts, incessant rains, and floods resulted in heavy loss of life, the destruction of livelihoods, and severe damage to basic infrastructure. The districts of Bageshwar, Chamoli, Pithoragarh, Rudraprayag, and Uttarkashi were the worst affected. These also happen to be important pilgrimage destinations, and the disaster occurred during the peak pilgrimage season. The floods washed away towns and destroyed a large number of houses, public buildings, roads and bridges, rural and urban water and sanitation facilities, power transmission and distribution lines, telecommunications towers, and irrigation systems. Close to 1 million people were affected. Almost 600 lives were lost and more than 5,400 people are still reported missing.

4. **Government response.** The state government of Uttarakhand and the Government of India, including the army, air force, police, and the National Disaster Response Force, responded to the disaster through immediate rescue and evacuation operations. They followed this with the supply of emergency shelter, medical assistance, cash transfers to the most affected, and basic food supplies. State governments, the private sector, and civil society including national and international nongovernment organizations helped with the relief effort. The United Nations Disaster Management Team also provided support, first with situation reports and later with damage and needs assessments in key areas. The next phase of the emergency response involves restoring livelihoods and rebuilding damaged infrastructure. Livelihood support will be handled directly by the government of Uttarakhand and the Government of India. Infrastructure rehabilitation is the area for which the government has formally sought assistance from the Asian Development Bank (ADB) and the World Bank.

5. **Damage and needs assessment.** A joint rapid damage and needs assessment was undertaken by the government of Uttarakhand, ADB, and the World Bank.<sup>2</sup> Because of persistent bad weather, floods, and landslides, physical access to the affected areas was virtually impossible. The assessment relied instead on data collected by the government of Uttarakhand during relief operations. The damage and needs estimate is close to \$700 million, with roads and bridges accounting for \$450 million. This is still a preliminary and conservative estimate. Some observers suggest the final damage may be more than \$1 billion.

6. **Request for assistance.** The government requested emergency assistance from ADB and the World Bank. The finance will be allocated to rebuilding basic infrastructure. The Government of India and the government of Uttarakhand will focus on livelihoods. ADB already has operations in the state (in roads, energy, urban infrastructure, and tourism) and will focus in

---

<sup>1</sup> The design and monitoring framework is in Appendix 1.

<sup>2</sup> Joint Rapid Damage and Needs Assessment (accessible from the list of linked documents in Appendix 2).

these areas. The rehabilitation of damaged facilities in the energy sector will be financed through an existing ADB multitranche financing facility, which still has sufficient funds for this purpose.<sup>3</sup> World Bank assistance will focus on housing, public buildings, district and village roads, rural water supply and sanitation, and disaster risk management and response systems. Consultants will help the government of Uttarakhand with subproject preparation and implementation (including procurement), the adoption of modern road building technologies, road maintenance practices, and overall project management. The consultants will also help with the execution of safeguards and financial management plans.

## **B. Impact and Outcome**

7. The emergency loan will help economic and social recovery in Uttarakhand in the aftermath of the June 2013 disaster. The outcome will be the rehabilitation of basic public and social infrastructure, as well as improvements to disaster preparedness, project management, and institutional effectiveness.

## **C. Outputs**

8. The project outputs include:

- (i) **Roads and bridges.** Rehabilitate and/or reconstruct damaged sections of state highways and district roads for a total length of 1,800 kilometers (km). Rehabilitate sections of road built in the past with ADB finance (total length 600 km). Sixteen damaged bridges will also be repaired and/or reconstructed.
- (ii) **Urban infrastructure.** Repair and upgrade water supply facilities in 8–10 towns, water treatment plants, 56-km water pipeline, and about 20 km of urban roads.
- (iii) **Tourism infrastructure and trekking routes.** Rehabilitate and/or reconstruct infrastructure in five districts, including 10 trekking routes, eco-trails, rest houses, and public amenities.
- (iv) **Disaster preparedness.** Build about 50 helipads, heliports, or helidromes with associated amenities for emergency evacuation and relief operations.

9. Nonphysical outputs include strengthening of disaster risk management systems through studies on carrying capacity and tourist regulation.

## **D. Investment and Financing Plans**

10. Total emergency works could cost more than \$1 billion, although the initial damage and needs estimate is close to \$700 million. The project is estimated to cost \$205 million (Table 1). More details are given in the project administration manual (PAM).<sup>4</sup>

---

<sup>3</sup> ADB. 2006. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility for Uttaranchal Power Sector Investment Program*. Manila (MFF 0003-IND, \$300 million, approved on 30 March).

<sup>4</sup> Project Administration Manual (accessible from the list of linked documents in Appendix 2).

**Table 1: Project Investment Plan**  
(\$ million)

Item	Amount
<b>A. Base Cost</b>	
1. Roads and bridges	96.75
2. Urban infrastructure	21.25
3. Tourism infrastructure	25.25
4. Helipads, heliports, or helidromes and amenities (disaster preparedness)	20.75
5. Project management and other assistance	10.00
6. Resettlement and environment costs	1.00
7. Administrative costs	5.00
<b>Subtotal</b>	<b>180.00</b>
<b>B. Contingencies</b>	<b>21.00</b>
<b>C. Finance Charges During Implementation</b>	<b>4.00</b>
<b>Total (A+B+C)</b>	<b>205.00</b>

Source: Asian Development Bank and Government of Uttarakhand estimates.

11. The government has requested a loan of \$200 million from ADB's ordinary capital resources to help finance the project. The loan will have a 25-year term, including a grace period of 5 years, straight-line repayment method, an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility, a commitment charge of 0.15% per year, and such other terms and conditions set forth in the draft loan and project agreements. Based on this, the average loan maturity is 15.25 years and the maturity premium payable to ADB is 0.10% per annum. The government has provided ADB with (i) the reasons for its decision to borrow under ADB's LIBOR-based lending facility based on these terms and conditions, and (ii) an undertaking that these choices were its own independent decision and not made in reliance on any communication or advice from ADB. The loan will cover 97.56%<sup>5</sup> of project costs and includes taxes and duties.<sup>6</sup> The Government of India and the government of Uttarakhand will finance all the financial charges and the execution of safeguards plans (Table 2). The government of Uttarakhand has given assurance that it will provide all the necessary counterpart funds, wherever necessary.

**Table 2: Financing Plan**  
(\$ million)

Source	Total	Percent
Asian Development Bank		
Ordinary Capital Resources	200.0	97.56
Government	5.0	2.44
<b>Total</b>	<b>205.0</b>	<b>100.0</b>

Source: Asian Development Bank.

<sup>5</sup> The average share of ADB in cost sharing is within the ceiling of 80% for the loan portfolio of the prevailing country partnership strategy. ADB. 2009. *Country Partnership Strategy: India, 2009-2012*. Manila.

<sup>6</sup> Overall taxes and duties in India are considered reasonable and nondiscriminatory. The taxes and duties under the project cost are reasonable and do not constitute an excessively high share of total cost.

## E. Implementation Arrangements

12. The executing agency for the emergency project will be the government of Uttarakhand acting through the State Disaster Management Authority (SDMA). A core committee for monitoring and review of disaster management will oversee all the reconstruction work (chaired by the chief secretary, government of Uttarakhand) and coordinate the activities financed by ADB and the World Bank. A project management unit will be set up in the SDMA to help with this work. The implementing agencies will be the Public Works Department (roads, bridges, trekking routes,<sup>7</sup> and urban roads), the Department of Tourism and the Uttarakhand Tourism Development Board, Garhwal Mandal Vikas Nigam and/or Kumaon Mandal Vikas Nigam (tourism infrastructure), the Uttarakhand Civil Aviation Development Authority (helipads, heliports, or helidromes), and Uttarakhand Jal Sansthan (urban water supply). The emergency works will be implemented over 3 years, which is longer than the typical period of 2 years for emergency assistance loans. The 3-year implementation period is justified because the terrain conditions in Uttarakhand make the execution of physical works difficult, especially in winter and the rainy season. However, some of the works under the project are expected to be implemented sooner than that.

**Table 3: Implementation Arrangements**

Aspects	Arrangements
Implementation period	October 2013-September 2016
Estimated completion date	30 September 2016
Management	
(i) Oversight body	Monitoring Committee chaired by Chief Secretary
(ii) Executing agency	Government of Uttarakhand acting through State Disaster Management Authority
(iii) Key implementing agencies	Public Works Department for roads, bridges, trekking routes and urban roads; Department of Tourism and the Uttarakhand Tourism Development Board, Garhwal Mandal Vikas Nigam, and/or Kumaon Mandal Vikas Nigam for tourism infrastructure; Uttarakhand Civil Aviation Development Authority for helipads, heliports, or helidromes; Uttarakhand Jal Sansthan for urban water supply
(iv) Implementing Units	Project implementation units of the respective implementation agencies in the field
Retroactive financing and /or advance contracting	For eligible expenditures incurred after 16 June 2013, but not earlier than 12 months before the date of the loan agreement, and to a maximum of 30% of the loan amount
Disbursement	The ADB loan will be disbursed in accordance with ADB's Loan Disbursement Handbook (2012, as amended from time to time) and detailed arrangements agreed upon between the government and ADB.

13. **Retroactive financing.** Retroactive financing will apply to eligible expenditures incurred after 16 June 2013 but not earlier than 12 months before the date of the loan agreement. Advance actions are being taken in relation to the procurement of goods, services, and work. The government has been advised that approval of advance action and/or retroactive financing does not commit ADB to finance any part of the project.

<sup>7</sup> The implementation of trekking routes may be assigned to various government departments and agencies.



14. **Procurement.** The procurement of goods and works will be carried out in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). The PAM gives details of this. National competitive bidding with a shortened bidding period of 2 weeks will be the preferred mode of procurement. The use of shopping and limited competitive bidding procedures based on the government of Uttarakhand's existing registration system for contractors will also be acceptable for goods, small civil works, and related services. Civil works contracts estimated at up to \$40 million will be procured through national competitive bidding. Bidding documents based on post-qualification with single-stage two-envelope procedures is one procurement option. For procurement of goods, small works, and related services estimated to cost less than \$100,000, the use of limited competitive bidding and shopping procedures will be followed. This will mean inviting bids from registered class A contractors by the government of Uttarakhand. For small, specialized equipment and materials contracts valued at less than \$20,000, direct contracting procedures acceptable to ADB will be followed, where relevant. The damaged trekking routes and eco-trails may be reconstructed under the force account method by the various departments and agencies of the government of Uttarakhand. Under ongoing ADB-funded projects in Uttarakhand, contractors executing the rehabilitation and reconstruction works will qualify for the restoration of works through contract variations under their respective contracts, where appropriate.

15. ADB will conduct prior reviews of bid evaluation reports and contract award recommendations for the first two contracts for each implementing agency irrespective of the contract values. All subsequent contracts estimated to cost up to \$3 million will be subject to post procurement reviews in the field conducted semiannually. All implementing agencies will retain a record of all procurement documents including copies of the signed contracts and the bid evaluation reports, to be available for post procurement reviews in the field. All contracts valued at more than \$3 million will be subject to prior review by ADB. ADB will conduct capacity building workshops for the staff of executing and implementing agencies on ADB's procurement and consultant recruitment procedures, as well as for prior and post procurement review requirements. If ADB determines during the procurement review that the agreed procurement procedures were not followed, it has the option to not approve the award or terms of the contract, meaning that the government will not be able to use loan proceeds to finance these contracts. If the loan proceeds have already been used to finance such contracts at the time of such determination, the government will refund to ADB the expenditures made. Rebidding and extension of bid validity for contracts estimated to cost \$3 million and above will be subject to ADB's prior approval. Community participation in procurement of small works of a simple nature will be encouraged.

16. **Consulting services.** All consultants will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). It is estimated that 5–6 national design and construction supervision consulting firms will be recruited under the emergency project. Experts will also be engaged to deal with financial management needs, safeguards, procurement, training, road building technologies, disaster preparedness, communications, and overall project management and reporting. The consulting firms will be recruited through quality- and cost-based selection using simplified or full technical proposals as needed and acceptable to ADB. Individual consultants may be engaged through open competition acceptable to ADB. Since the project will be completed within 36 months, recruitment and mobilization of consultants will be done expeditiously with an option of reduced proposal submission periods of 1–2 weeks at each stage for expressions of interest and for

requests for proposals. If requested by the executing agency, ADB may assist in selecting individual consultants for the executing agency and implementing agencies.

17. **Reporting.** The executing agency will provide ADB with quarterly progress reports on the work done, in all cases backed by consolidated annual audits. The executing agency, in consultation with the implementing agencies, will set up a project performance monitoring system within 6 months of loan effectiveness using the targets, indicators, assumptions, and risks in the design and monitoring framework (Appendix 1). Further details are provided in the PAM.

### III. DUE DILIGENCE

#### A. Technical

18. A list of indicative subprojects has been agreed with the government of Uttarakhand. All subprojects need detailed preparation and this work will be part of the implementation plan. Whenever necessary, consultants will help with this work. The screening of priority projects will be led by the executing and implementing agencies. The objective is to rebuild to the same standard or better. The approval of subprojects will follow subproject selection criteria and approval procedures<sup>8</sup> already agreed with the authorities, which includes adherence to safeguards requirements and technical and economic viability.

#### B. Economic and Financial

19. Economic assessments will be undertaken for all subprojects in accordance with the selection criteria and approval process once the first set of priority investments has been agreed. The economic evaluation will be undertaken covering all the key areas of economic analysis, as acceptable to ADB. The subproject will demonstrate an economic internal rate of return of at least 12% or the chosen technical option will be the least cost option for providing the essential needs and services. If there is a justification that the economic benefits cannot be entirely quantified, the economic rate of return of 10% instead of 12% can be acceptable. The capacity of the executing agency and implementing agencies in undertaking economic assessment will be improved through consultant support.

#### C. Governance

20. A financial management assessment of the executing and implementing agencies was conducted for the purposes of the emergency project.<sup>9</sup> One finding is that financial reporting and internal controls require strengthening. Experts will be engaged to help with this work.

21. ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the Government of India, government of Uttarakhand, SDMA, and all implementing agencies. The specific policy requirements and supplementary measures are described in the PAM.

---

<sup>8</sup> Subproject Selection Criteria and Approval Procedures (accessible from the list of linked documents in Appendix 2)

<sup>9</sup> Review of financial management systems of the Uttarakhand Civil Aviation Development Authority could not be undertaken as this is a new agency.

## D. Poverty and Social

22. Under the project, basic infrastructure will be rehabilitated and reconstructed. This is critical for key economic and social activities in the state. The reconstruction effort will contribute to welfare in the state, as well as to poverty reduction.

23. The emergency project is supported by a gender action plan. This will ensure that gender concerns and other social vulnerabilities are addressed during the reconstruction period. The works will create employment and livelihood opportunities for women. Awareness raising will be undertaken on core labor standards, including those that are gender specific, such as equal pay for work of equal value. Contractors will carry out HIV/AIDS awareness programs within the project influence area in a gender-sensitive manner. The improved road connectivity will provide better access to health services, education, economic opportunities, and social interaction. Improved connectivity, increased tourism, and improved urban water supply will result in more time spent on productive activities, self-development, and empowerment of women.

## E. Safeguards

24. Because of bad weather conditions, continued flooding, landslides, and lack of access to the affected areas, field visits and other investigations for safeguards assessments could not be conducted. This means that individual safeguards plans could not be prepared for identified subprojects. Under the emergency loan provisions of the Safeguard Policy Statement (2009), safeguards frameworks can be prepared instead. These guided subproject selection and screening, and later the preparation of safeguards planning documentation.

25. **Environment.** Environmental impacts for most of the subprojects are expected to be construction related, as well as temporary and reversible in nature. However, some of the subprojects are likely to be in close proximity to, or within, environmentally sensitive areas such as national parks, wildlife sanctuaries, and biospheres, and therefore the possibility of significant adverse environmental impacts is not ruled out. As all the subprojects will be selected, appraised, and approved during the implementation phase, the emergency project is classified category A for environment. Since the project is supported through an emergency assistance loan, and furthermore follows a sector loan modality, the disclosure standard requirements for environmental impact assessments for subprojects in category A will be changed from the 120 days prior to ADB Board of Directors approval to 120 days prior to the award of contracts under the related subproject.<sup>10</sup>

26. An environmental assessment and review framework has been prepared and disclosed on the ADB website.<sup>11</sup> It includes subproject selection criteria and environmental guidelines to avoid and minimize adverse impacts during the identification and finalization of subprojects. These impacts will be mitigated through environmental impacts assessment (for category A) and initial environmental examination reports (for category B) including environmental

<sup>10</sup> Para. 14 of Section D7/OP of the *Operations Manual* provides that management can waive the 120-day rule for disclosure of environmental assessment reports for category A projects (those with a potentially significant environmental impact) on a project-by-project basis for procedural flexibility in the application of safeguards requirements in case of emergency assistance loans. ADB. 2004. Disaster and Emergency Assistance. *Operations Manual*. OM D7/OP. Manila.

<sup>11</sup> Environmental Assessment and Review Framework (accessible from the list of linked documents in Appendix 2).

management and monitoring plans that will be incorporated into related contract documents and monitored by the implementing agencies. The environmental assessment documents for subprojects will be disclosed on the ADB website. The agencies will conduct consultations with local communities during implementation. Some of these agencies are already implementing ADB-funded projects. Their capacity to deal with safeguards is reasonably good. However, this will be further improved through consultant support and training. ADB will not finance projects that do not comply with its Safeguard Policy Statement, nor will it finance projects that do not comply with India's environmental laws and regulations, including those projects that infringe laws covering India's obligations under international treaties, as set forth in the environmental assessment and review framework. In addition, ADB will not finance activities on the prohibited investment activities listed in Appendix 5 of ADB's Safeguard Policy Statement. Environmental reporting to ADB by the executing agency will be done annually for category B subprojects and semiannually for category A subprojects, and will be disclosed on the ADB website. All complaints from affected people will be addressed through a dedicated grievance redress mechanism.

27. **Social.** Reconstruction works are expected to be within existing rights-of-way and on government land. No major land acquisition is envisaged. However, the realignment of some road sections, construction of helipads, heliports, or helidromes, and trekking routes are likely to cause minor land acquisition and involuntary resettlement impacts. No impact on indigenous peoples is envisaged. The project is classified category B for involuntary resettlement and category C for indigenous peoples. Subproject selection criteria have been formulated to avoid land acquisition, resettlement impacts, and social risks. However, should a need arise during implementation to undertake subprojects classified category A for involuntary resettlement or category B for indigenous peoples, a suitable recategorization will be undertaken and a resettlement plan or indigenous peoples plan prepared. A resettlement framework and indigenous peoples planning framework has been prepared and disclosed on the ADB website.<sup>12</sup> The capacity of the executing agency and implementing agencies in resettlement planning and implementation is not adequate to meet ADB requirements and will be improved through consultant support and training. Extensive consultations will be undertaken with stakeholders in all project areas during implementation.

## **F. Risks and Mitigating Measures**

28. The overall risk associated with the rehabilitation of basic infrastructure is medium, while the integrated benefits and impacts are expected to outweigh the costs. The risk assessment and risk management plan for the project provides details on key risks.<sup>13</sup> The most important risks relate to the limited capacity of the executing and implementation agencies, limited financial management systems, and inadequate capacity of contractors. In view of poor access to work sites, limited working season and unpredictable weather, the low participation and capacity of contractors is another risk. Climate change is also an emerging issue.

29. The capacity of executing and implementing agencies will be improved by the deployment of experts in project preparation and implementation. Training and capacity building workshops will be conducted on these and other areas. Governance and fiduciary risks will be contained through the engagement of professionals with experience in financial management, auditing, and accounting. The participation of quality contractors will be encouraged by

---

<sup>12</sup> Resettlement Framework; Indigenous Peoples Planning Framework (accessible from the list of linked documents in Appendix 2).

<sup>13</sup> Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

organizing business opportunity workshops. The cost estimates will be prepared taking into consideration the poor access to work sites and construction activities will be scheduled to utilize the limited working season efficiently. Climate change could escalate existing vulnerabilities (social, ecological, economic, and cultural). The reconstruction effort will incorporate climate-resilient design options. The disaster risk management system will be supported by World Bank technical assistance. ADB will also underpin this work.

#### **IV. ASSURANCES AND CONDITIONS**

30. The Government of India, government of Uttarakhand, SDMA, and all the implementing agencies have assured ADB that implementation of the project shall conform to all applicable ADB policies including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the project administration manual and loan documents.

31. The Government of India, government of Uttarakhand, SDMA, and implementing agencies have agreed with ADB on certain covenants for the project, which are set forth in the loan agreement and project agreement.

32. As a condition for disbursement of the loan, the Government of India, government of Uttarakhand, SDMA, and all the implementing agencies will ensure that the high-powered committee, project management unit, and project implementing units are in place with adequate staffing acceptable to ADB.

#### **V. RECOMMENDATION**

33. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the loan of \$200,000,000 to India for the Uttarakhand Emergency Assistance Project, from ADB's ordinary capital resources, with interest to be determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; for a term of 25 years, including a grace period of 5 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan and project agreements presented to the Board.

Takehiko Nakao  
President

21 October 2013

### DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b> Improved economic and social conditions in Uttarakhand after the 2013 disaster</p>	<p><b>By 2020:</b> (i) Tourist arrivals increased by 20% from pre-disaster level  (ii) State gross domestic product increased by 20% from pre-disaster level</p>	<p>Tourist arrival data by state tourism department  Report by central statistical office</p>	<p><b>Risk</b> Extreme weather events occur</p>
<p><b>Outcome</b> Basic public and social infrastructure restored, and disaster preparedness, project management and institutional effectiveness improved</p>	<p><b>By 2016:</b> (i) 80% of damaged infrastructure (state roads, major district roads, bridges, urban roads, tourism infrastructure, and water supply lines) in the project area reconstructed and rehabilitated with climate-resilient features (ii) Water supply to about 20,000 households restored to service level standards of Government of India in the affected urban areas, reducing time spent by women and girls in water collection and management</p>	<p>For all indicators:  Periodic project progress reports by executing agency (government of Uttarakhand acting through State Disaster Management Authority)</p>	<p><b>Assumption</b> Coordinated and timely response by government and donors</p>
<p><b>Outputs</b> 1. Roads and bridges are reconstructed and upgraded to all-weather standard</p>	<p><b>By 2016:</b> (i) About 2,400 km of state roads and 16 bridges are rehabilitated and reconstructed (ii) All rehabilitated roads and bridges have safety features such as signage, speed breakers, safety barriers, and road shoulders (iii) Local labor used as feasible for unskilled and skilled work in civil works (target: 20% women)</p>	<p>For all indicators:  Periodic project progress reports by executing agency (government of Uttarakhand acting through State Disaster Management Authority)</p>	<p><b>Risk</b> Significant construction and rehabilitation cost increases beyond projections.  Capacity of contractors to deliver large scale emergency reconstruction and rehabilitation works within limited working season and in areas with poor access</p>
<p>2. Urban infrastructure reconstructed and upgraded</p>	<p><b>By 2016:</b> (i) About 56 km of water supply pipelines rehabilitated (ii) About 21 mld potable water supply augmented (iii) About 40 water pumps and related electromechanical equipment replaced</p>		

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
	(iv) About 20 km of urban roads and roadside drains rehabilitated and reconstructed		
3. Tourism infrastructure and trekking routes rehabilitated and reconstructed	<p><b>By 2016:</b></p> <p>(i) About 80% of basic tourist facilities and amenities (toilets, tourist rest houses, tourist information centers etc.) rehabilitated and reconstructed in five affected districts (with separate facilities for women)</p> <p>(ii) About 10 trekking routes, including safety rails, rest houses, and public amenities, repaired and upgraded with community support</p> <p>(iii) Studies on carrying capacity and tourist regulation carried out to manage tourist inflow and to develop infrastructure for disaster preparedness</p>		
4. Improved capacity on disaster preparedness and management	<p><b>By 2016:</b></p> <p>About 50 helipads, heliports, or helidromes constructed with shelter and associated amenities including toilet facilities suitable to the needs of women, children, the elderly, and differently abled</p>		
5. Project management system operational	Project completed on time and within budget		
<b>Activities with Milestones</b>			
<p><b>1. Roads and bridges are reconstructed and upgraded to all-weather standard</b></p> <p>1.1 Identify and appraise subprojects, as required (Q3 2013–Q2 2014)</p> <p>1.2 Prepare engineering designs (Q4 2013–Q4 2014)</p> <p>1.3 Prepare bid documents (Q3 2013–Q4 2014)</p> <p>1.4 Construct assets (Q2 2014–Q4 2016)</p> <p>1.5 Make assets operational (Q4 2014–Q4 2016)</p>			<p><b>Loan</b> <b>ADB: \$200 million</b></p> <p><b>Government:</b> <b>of India and government of Uttarakhand : \$5 million</b></p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p><b>2. Urban infrastructure reconstructed and upgraded</b></p> <p>2.1 Identify and appraise subprojects, as required (Q3 2013–Q2 2014)</p> <p>2.2 Prepare engineering designs (Q3 2013–Q4 2014)</p> <p>2.3 Prepare bid documents (Q3 2013–Q4 2014)</p> <p>2.4 Construct assets (Q2 2014–Q4 2016)</p> <p>2.5 Make assets operational (Q4 2014–Q4 2016)</p>			
<p><b>Activities with Milestones</b></p> <p><b>3. Tourism infrastructure and trekking routes rehabilitated and reconstructed</b></p> <p>3.1 Identify and appraise subprojects, as required (Q3 2013–Q3 2014)</p> <p>3.2 Prepare engineering designs (Q3 2013–Q4 2014)</p> <p>3.3 Prepare bid documents (Q3 2013–Q4 2014)</p> <p>3.4 Construct assets (Q3 2014–Q4 2016)</p> <p>3.5 Make assets operational (Q4 2014–Q4 2016)</p> <p>3.6 Recruit consultant for studies (Q4 2013)</p> <p><b>4. Improved capacity on disaster preparedness and management</b></p> <p>4.1 Identify and appraise subprojects, as required (Q3 2013–Q3 2014)</p> <p>4.2 Prepare engineering designs (Q3 2013–Q4 2014)</p> <p>4.3 Prepare bid documents (Q3 2013–Q4 2014)</p> <p>4.4 Construct assets (Q3 2014–Q4 2016)</p> <p>4.5 Make assets operational (Q4 2014–Q4 2016)</p> <p>4.6 Conduct capacity building trainings (Q4 2013–Q4 2014)</p> <p><b>5. Project management system operational</b></p> <p>5.1 Establish PMU and PIU (Q3 2013–Q2 2014)</p> <p>5.2 Award contracts for goods, works, and services (Q3 2013–Q2 2014)</p> <p>5.3 Monitor, report, and evaluate project progress (Q3 2013–Q4 2016)</p> <p>5.4 Conduct business opportunity seminars (Q4 2013–Q2 2014)</p> <p>5.5 Develop and adopt PPMS with gender indicators (Q4 2013–Q1 2014)</p>			

PIU = project implementation unit, PMU = project management unit, PPMS = project performance management system.



**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/RRPs/?id=47229-001-3>

1. Loan Agreement
2. Project Agreement
3. Sector Assessment (Summary): Road Transport, Urban and Tourism
4. Project Administration Manual
5. Contribution to the ADB Results Framework
6. Development Coordination
7. Country Economic Indicators
8. Summary Poverty Reduction and Social Strategy
9. Gender Action Plan
10. Environmental Assessment and Review Framework
11. Resettlement Framework
12. Indigenous Peoples Planning Framework
13. Subproject Selection Criteria and Approval Procedures
14. Risk Assessment and Risk Management Plan

**Supplementary Documents**

15. Joint Rapid Damage and Needs Assessment
16. Climate Change: Project Adaptation Action Report