

## PROJECT PREPARATORY TECHNICAL ASSISTANCE

### A. Justification

1. The project preparatory technical assistance (PPTA) is required to undertake due diligence to (i) assess improvements required to urban services in select municipalities in the Far Western Region of Nepal (FWRN), and (ii) identify strategic actions to guide the region's urban development and build capacity for operations and maintenance.

2. The TA will develop the project scope, which includes identifying priorities, subproject screening, pre-feasibility, and conceptual design. The TA will be structured into two phases.

Phase 1 includes:

- (i) development of a strategic regional and urban assessment, and Bhimdatta-Attariya-Dhangadhi corridor development strategy;
- (ii) development of a strategic infrastructure investment plan;
- (iii) development of the project scope;
- (iv) rapid assessments for safeguards compliance;
- (v) socio-economic analysis based on household socio-economic survey and focus group discussions;
- (vi) institutional and financial capacity assessment of the executing agency, implementing agency, and project municipalities;
- (vii) designing the implementation arrangements;
- (viii) defining the scope of work for the design and supervision consultant (DSC); and
- (ix) assisting the executing agency in recruiting the DSC.

Phase 2 includes:

- (i) overseeing the DSC's outputs, and
- (ii) supporting the executing agency in preparing loan documents.<sup>1</sup>

### B. Major Outputs and Activities

3. The major outputs and activities are summarized in Table A3.1. The DSC appointed through advance actions will undertake further detailing of the interventions identified by the TA and develop detailed engineering designs and cost estimates, safeguards plans, and bidding documents.

**Table A3.1: Summary of Major Outputs and Activities**

Major Activities	ECD	Major Outputs	ECD
PPTA consultant mobilization	January 2015	DSC RFP issued by GON	May 2015
Undertake safeguards screening	March 2015	Socio-economic report	June 2015
Undertake technical assessment	April 2015	Pre-feasibility report for project	June 2015
DSC EOI issued by GON	March 2015	Financial management assessment	January 2016
GON evaluates DSC proposals	July 2015	DSC contract award	January 2016

DSC = design and supervision consultants, ECD = expected completion date, EOI = expression of interest, GON = Government of Nepal, PPTA = project preparatory technical assistance, RFP = request for proposal.

Source: Asian Development Bank estimates.

<sup>1</sup> This does not include loan agreements.

### C. Cost Estimate and Proposed Financing Arrangement

4. The TA is estimated to cost \$500,000 equivalent which will be financed on a grant basis by ADB's Technical Assistance Special Funds (TASF-V). The government will provide counterpart support in the form of counterpart staff, office accommodation, 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**  
(\$'000)

Item	Total Cost
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (18 person-months)	277.9
ii. National consultants (12 person-months)	133.5
b. International and local travel	49.1
2. Training, seminars, and workshops	4.5
3. Surveys	10.0
4. Miscellaneous administration and support cost	9.0
5. Contingencies	16.0
<b>Total</b>	<b>500.0</b>

Note: The government will provide counterpart support in the form of (i) any relevant documents, data, statistics, information or maps that the government has its disposal; (ii) adequate number of office equipment including desks, and chairs, and local communication (but excluding computers); and (iii) other in-kind contributions. The value of government contribution is estimated to account for 4% of the total TA cost.

<sup>a</sup> Financed by Asian Development Bank's Technical Assistance Special Fund (TASF-V)

Source: Asian Development Bank estimates.

### D. Consulting Services

5. Seven individuals comprising 4 international consultants and 3 national consultants (providing 30 person-months of input) will be engaged by ADB to undertake the TA in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The contingency may be used to increase specific experts' inputs as required during the TA. Table A3.3 summarizes the consulting services requirement for the individuals.

**Table A3.3: Summary of Consulting Services Requirement**

Positions	Person-Months Required
<b>International</b>	
Team Leader / Urban Infrastructure Specialist	7
Municipal Finance Expert	4
Environmental and Social Safeguards Expert	4
Sr. Social Development and Gender Expert	3
<b>National</b>	
Regional / Urban Planning Expert	4
Civil Engineer	4
Finance Expert	4

Source: Asian Development Bank estimates.

6. The outline terms of reference for the TA consultants are described in paragraphs 7 to 12.

**1. Outline terms of reference for international consultants**

7. **Team Leader and Urban Infrastructure Specialist (7 person-months).** The Team Leader is preferred to be a Civil Engineer or Urban Planner with minimum 20 years of experience in the infrastructure and urban planning industry with a focus on urban services. She/he will (i) work with the Regional/Urban Planner to define the project scope; (ii) coordinate the technical feasibility assessment, safeguards assessment, procurement capacity assessment, and project structuring; (iii) assist on bidding document preparation and bid process management for identified advance procurement actions for the DSC; (iv) oversee the DSC's outputs, and (v) draft the RRP and PAM for loan appraisal. All team members will report to the Team Leader.

8. **Municipal Finance Expert (4 person-months).** The Municipal Finance Expert is preferred to have an extensive knowledge of working with service utilities in South Asia – power, telecom or water - for a minimum of 15 years. She/he should preferably be an Accountant. She/he will (i) undertake a governance and financial assessment of project municipalities and executing and implementing agencies; (ii) develop an action plan and identify support measures for each municipality to increase its own source revenue; (iii) design funds flow and disbursement mechanisms for the ensuing project; (iv) identify capacity building measures on financial management; (v) prepare a financial model to simulate cash flows for urban services; and (vi) suggest a tariff structure for urban services based on the modeling. She/he will identify the scope of work related to economic and financial analysis for the DSC and review the economic and financial analysis prepared by the DSC.

9. **Environmental and Social Safeguards Expert (4 person-months).** The Environmental and Social Safeguards Expert is preferred to have at least 15 years of relevant experience working on safeguards in the infrastructure industry, preferably with experience on ADB projects. She/he will (i) undertake rapid safeguards screening and identify adverse impacts associated with proposed subprojects, (ii) develop an environmental assessment review framework, (iii) develop a resettlement framework, (iv) identify scope of work related to safeguards for the DSC, and (v) review the DSC's safeguards related outputs prepared for loan appraisal. She/he should preferably have working knowledge of national environmental and land acquisition and resettlement related laws and regulations to effectively reconcile sovereign policies with the ADB Safeguards Policy Statement.

10. **Sr. Social Development and Gender Expert (3 person-months).** The Social Development Expert is preferred to have experience undertaking poverty reduction and social impact assessments, and gender-related work for a minimum of 5 years in Nepal. The Specialist will design a household survey and oversee the survey and focus group discussions. She/he will produce a socio-economic report for the project municipalities based on the data collection (including analysis related to demographics, access to infrastructure and municipal services, and vulnerability issues). She/he will identify ongoing work of civil society organizations in the project municipalities. She/he will also develop the scope of work for the DSC related to social development and access to services and preparation of the gender action plan for the project.

## 2. Outline terms of reference for national consultants

11. **Regional/Urban Planning Expert (4 person-months).** The Regional Planning Expert is preferred to be a planner or economist with minimum 10 years of experience in the planning and infrastructure industry. She/he will (i) develop an urban strategy and development framework for the FWRN, with a focus on the Bhimdatta-Attariya-Dhangadhi corridor; and (ii) recommend implementation arrangements for the project based on institutional capacity for implementation, planning, and operations and maintenance. The implementation arrangements should be based on (a) lessons learned; (b) the legal, regulatory and institutional framework for the sector, as applicable; and (c) government structures at both the district and municipal levels. She/he will provide support in identification of regional infrastructure, if any, and supporting the consultation process with municipalities and the central government. She/he will also identify the scope of work related to urban and regional planning for the DSC.

12. **Civil Engineer (4 person-months).** The Civil Engineer is preferred to have a minimum of 10 years of experience. He/she will provide support to the Team Leader and the Safeguards Expert. He/she will help to (a) identify priority urban infrastructure investments and (b) undertake an initial technical assessment of the identified subprojects and develop conceptual designs. He/she will also identify technical capacity improvements required in project municipalities to operate and maintain infrastructure. The Civil Engineer will also support the government in the bid evaluation process.

13. **Finance Expert (4 person-months).** The Finance Expert shall have a minimum of 10 years of relevant work experience in Nepal. He/she will work closely with and support the international Municipal Finance Expert to assess the project municipalities' financial capacity. He/she will collect necessary data and provide overall support for consultations, modeling and assessments.

### E. Implementation Arrangements

14. The MOUD will be the TA's executing agency. It will provide in-kind contributions in the form of counterpart staff, office accommodation, office supplies, and communication facilities for consultants. The proposed TA processing and implementation schedule is listed in Table A3.4. Consultants will be mobilized in a staggered manner with a focus on prioritizing the (i) socio-economic household survey, and (ii) recruitment of the DSC. Disbursement under the TA will be in accordance with ADB's Technical Assistance Disbursement Handbook (May 2010, as amended).

**Table A3.4: Technical Assistance Processing and Implementation Schedule**

Major Milestones	Expected Completion Date
Project concept paper clearance	Dec 2014
Consultant mobilization	Feb 2015
Socio-economic surveys completed	April 2015
TA completion date	March 2017

Source: Asian Development Bank estimates