

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. The Government of the Province of Sindh, Pakistan, requested ADB to help improve the urban transport system (UTS) of Karachi and provide technical and financial support to implement a bus rapid transit (BRT) corridor and strengthen institutions and organizations managing the urban transport sector. The project preparatory technical assistance (PPTA) will build on feasibility studies for priority BRT corridors undertaken by the Japan International Cooperation Agency (JICA) for the Green and Red lines and the government for the Yellow line, and on advance preparation activities undertaken under an ADB Cluster TA.

B. Major Outputs and Activities

2. The PPTA will have the main following outputs: (i) policy reform framework and support to on-going institutional and organizational development in the urban transport sector in Sindh, such as establishing the Sindh Mass Transit Company (SMTC) and progressively setting up the Sindh Mass Transit Coordination Authority (SMTCA) to undertake planning, coordination, and regulation of all mass transit systems in Karachi;¹ (ii) optimized preliminary design and updated cost estimates, including drawings at sufficient level of details to be taken up for detail design;² (iii) assessment of opportunity to integrate intercity bus depots and off-street parking components in the project scope, and preliminary design of such components; (iv) full due diligence for the selected BRT line and associated infrastructures;³ (v) detailed terms of reference (TOR) of consulting services under project design advance (PDA) and under the loan; (vi) public-private partnership (PPP) assessment to identify viable PPP options, leading to transaction advisory services (TAS) to assist the government in the delivery of selected PPP scheme(s), if any; (vii) final project financing plan; (viii) indicative implementation schedule; (ix) procurement strategy and plan; (x) stakeholders' engagement through inclusive design and awareness campaigns; (xi) parking strategy, street vendors' policy and other traffic rules along the corridor; and (xii) urban development strategy along the corridor, following the transit-oriented development concept. Major outputs and activities are summarized in Table A4.1.

Table A4.1: Summary of Major Outputs and Activities

| Major Activities | Expected Completion Date | Major Outputs | Expected Completion Date |
|--|--------------------------|--|--------------------------|
| 1. Detailed TORs for PDA and project implementation consultants | July 2014 | TOR for PDA (detail design and bidding docs.) | June 2014 |
| | | TOR for PMCBC | July 2014 |
| | | TOR for ODBM | July 2014 |
| 2. Update and fine tuning of preliminary design and cost estimates | September 2014 | Preliminary design (BRT) | September 2014 |
| | | Preliminary design (associated infrastructure) | September 2014 |
| | | Final project cost estimates | September 2014 |

¹ The existing Mass Transit Cell under the Transport Department of the provincial government could be gradually transformed into such Authority and its capacity built under the proposed project.

² This output will be based on the results of: (i) design optimization produced under an ADB Cluster TA; and (ii) stakeholders' engagement and inclusive design initiative led by UNDP.

³ ADB standard due diligence include: (i) technical viability; (ii) economic and financial viability and sustainability; (iii) PPP assessment; (iv) governance, including public financial management, procurement, anticorruption, policy and legal, capacity, and other institutional issues and mechanisms; (v) poverty reduction and social impacts, including a gender assessment; and (vi) safeguards, including environment, involuntary resettlement, and indigenous peoples. The PPTA will notably conduct assessments for procurement and financial management capacity of the executing and implementing agencies. The soon-to-be established Sindh Mass Transit Company (SMTC) will be evaluated in terms of staffing capacity, organizational and administrative setup, evidence of transparency and accountability, and filing systems. If risks are identified, PPTA will propose an action plan to minimize those risks, mainly through capacity building. A security risk assessment will also be conducted to take into account Karachi's specific context.

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|---|---------------|--|---------------|
| 3. Due diligence for the selected BRT line | October 2014 | Resettlement Plan and Framework (LARP/LARF) | October 2014 |
| | | Initial Environmental Examination (IEE) | October 2014 |
| | | Financial and economic analysis (FIRR/EIRR) | October 2014 |
| | | Poverty and Social analysis, incl. affordability | October 2014 |
| | | Gender analysis and action plan (GAP) | October 2014 |
| | | Financial management assessment (FMA) | October 2014 |
| | | Procurement capacity assessment (PCA) | October 2014 |
| | | Security risk assessment | October 2014 |
| 4. PPP assessment | November 2014 | PPP assessment and policy framework | November 2014 |
| | | Identification of viable PPP components | November 2014 |
| | | Proposal to engage TAS for identified schemes | November 2014 |
| 5. Project management | November 2014 | Design and Monitoring Framework (DMF) | November 2014 |
| | | Project Administration Manual (PAM) | November 2014 |
| | | Procurement plan and strategy | November 2014 |
| | | Project monitoring and evaluation system | November 2014 |
| 6. Policy reform framework, institutional / organizational developments | December 2014 | Establishment of SMTC | February 2014 |
| | | Set up of a Transport Coordination Authority | December 2014 |
| | | Parking strategy and street vendors' policy | December 2014 |
| | | Urban development strategy along BRT corridor | December 2014 |

C. Cost Estimate and Proposed Financing Arrangement

3. The PPTA is estimated to cost \$925,000, of which \$825,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund, with \$525,000 from TASF-V and \$300,000 from TASF-others. The government will provide counterpart support in the form of counterpart staff, office space equipped with internet connections, and data, all made available for consultants as in-kind contributions. External financing is not pursued because of the urgent need for consulting services to prepare the project. The detailed cost estimate is presented in Table A4.2.

Table A4.2: Cost Estimates and Financing Plan (\$'000)

| Item | Total Cost |
|--|--------------|
| Asian Development Bank^a | |
| 1. Consultants | |
| a. Remuneration and per diem | |
| i. International consultants (29 person-months) | 493.0 |
| ii. National consultants (25 person-months) | 112.0 |
| b. International and local travel | 40.0 |
| c. Reports and communications ^b | 30.0 |
| 2. Equipment (printer, photocopier) ^c | 10.0 |
| 3. Workshops, training, seminars, and conferences ^d | 20.0 |
| 4. Vehicle ^e | 10.0 |
| 5. Surveys | 40.0 |
| 6. Miscellaneous administration and support costs ^f | 20.0 |
| 7. Contingencies | 50.0 |
| Total | 825.0 |

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

^b Includes knowledge products (video and 3D presentation of the project and others).

^c All equipment(s) purchased under the TA will be handed over to the executing agency upon completion of the TA.

^d Includes at least 5 Workshops (Inception, Interim 1 & 2, Draft Final and Final) for 50 persons each.

^e A vehicle is needed during the whole length of PPTA (8 months) to move along the BRT and meet stakeholders.

^f Includes secretarial and technical support.

Source: Asian Development Bank estimates.

D. Consulting Services and Procurement

4. All consultants will be selected in accordance with ADB's Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers (2013, as amended from time to time). All procurement will be done in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). The PPTA will use (i) an international firm in association with a local firm recruited by ADB under quality-and cost-based selection (QCBS 90:10) and full technical proposal (FTP); and (ii) individual consultants, notably for, but not limited to, drafting of TOR. A total of 54 person-months with 29 of international and 25 person-months of national consultants' services will be required, distributed as shown in Table A4.3.

Table A4.3: Summary of Consulting Services Requirement

| International Consultants Name of Positions | Person- months | National Consultants Name of Positions | Person- months |
|---|---------------------------|---|---------------------------|
| Transport Planning & Institutional and Policy Specialist / Team Leader (TL) | 5.0 | Transport Planner / Deputy TL(*) | 6.0 |
| Urban Planner (Transport) | 1.0 | Urban Transport Survey Coordinator | 2.0 |
| BRT Design and TOR Specialist (*) | 1.5 | Draughtsman/CAD operator | 2.0 |
| Road, Parking & Traffic Management Specialist | 2.0 | Traffic Management & Parking Engineer | 2.0 |
| Civil Work & Structural Engineer (BRT infra.) | 2.0 | Civil Work & Cost Engineer | 3.0 |
| Procurement Specialist | 1.0 | | |
| Transport Economist | 2.0 | | |
| Lead Transport PPP Specialist | 4.0 | | |
| Financial and PPP Specialist | 3.0 | Financial Specialist | 2.0 |
| Legal and Regulatory Expert (PPP) | 2.0 | Legal and Regulatory Expert (PPP) | 1.0 |
| Social Safeguards (Resettlement) Specialist (*) | 2.5 | Social Safeguards Specialist | 3.0 |
| Environment Specialist | 2.0 | Environment Specialist | 2.0 |
| Poverty, Social and Gender Specialist | 1.0 | Gender Specialist | 2.0 |
| Total | 29.0 | Total | 25.0 |

(*) Those experts will be recruited independently from the firm.

BRT = bus rapid transit, CAD = computer-assisted design, PPP = public-private partnership, TOR = terms of reference. Source: ADB estimates.

5. The opportunity to use an output-based contract is currently being discussed with Operations Services and Financial Management Department (OSFMD). Outline terms of reference for key positions of the PPTA team are provided below, and will be detailed in full TOR prior to the start of the recruitment process.

6. Transport Planning & Institutional and Policy Specialist/Team Leader:

(i) responsible for all study deliverables and coordinate and supervise the inputs from all team members; (ii) act as principle liaison between the study team, ADB, SMTC, and other relevant government and municipal agencies; (iii) closely coordinates with other consulting teams working on the project such as the Cluster TA team and the UNDP team; (iv) review all relevant past studies; (v) identify institutional, organizational and regulatory issues in the urban transport sector in Karachi, and propose necessary sector improvements and reforms; (vi) support the establishment of SMTC; (vii) assist and monitor the preparation of all due diligence and loan documents; and (viii) monitor the preparation of updated preliminary design and cost estimates for BRT, and of preliminary design for associated infrastructure.

7. **Lead Transport PPP specialist:** The specialist needs a strong transaction background in PPP with at least 10 years' experience in private sector participation in urban transport projects. Sound technical and commercial knowledge of PPP aspects is essential. He will assess the potential role of private sector in the project, with the objective of maximizing efficiency through optimal allocation of responsibilities and risks between public and private partners while ensuring high levels of service and safety to users. The specialist will analyze alternative PPP contractual structures and assess attractiveness for private sector participation.

8. **Procurement Specialist:** (i) perform market capacity assessment; (ii) prepare procurement strategy and bid packaging; and (iii) perform procurement capacity assessments.
9. **Transport Economist:** (i) review the economic justification for each proposed project; and (ii) estimate economic internal rate of returns and net present values.
10. **Environment Specialist:** (i) undertake the project environmental categorization procedures; (ii) prepare the IEE; (iii) monitor baseline survey and modeling activities; and (iv) define parameters on establishing greenhouse gas (GHG) baselines, projections, and a methodology for accounting GHG emissions.
11. **Social and Resettlement Specialist:** (i) review national laws/policies pertaining to land acquisition and resettlement (LAR); (ii) prepare the land acquisition and resettlement framework (LARF) and assess the project's LAR impacts; (iii) prepare land acquisition and resettlement plans (LARPs) and summary poverty reduction and social strategy (SPRSS); and (iv) prepare the poverty and social assessment (PSA).
12. **Gender Specialist:** (i) conduct gender analysis and identify project design elements; (ii) analyze women's use of public transport; (iii) analyze potential employment and skills development opportunities; (iv) draft GAP; and (v) document women's priorities and concerns and provide indicators for the DMF as well as the GAP.

E. Implementation Arrangements

13. The Transport and Mass Transit Department, Government of Sindh, and its Mass Transit Cell is the executing agency (EA), responsible for the overall coordination, supervision and execution of the PPTA. Once the Sindh Mass Transit Company (SMTC) has been established by the EA during the first quarter of 2014, the public company will be the implementing agency (IA) for the project. All disbursements under the TA will be done in accordance with the ADB's Technical Assistance Handbook (May 2010, as amended).
14. A steering committee will be established which consists of (i) Additional Chief Secretary, Planning and Development (Chair); (ii) Secretary, Transport and Mass Transit Department (Secretary); (iii) Secretary, Local Government; (iv) Administrator, Karachi Metropolitan Corporation; (v) Secretary, Finance; (vi) Director General, PPP Unit; (vii) Director General, Urban Planning and Policy Unit; (viii) Chief Controller, Sindh Building Control Authority; (ix) Commissioner, Karachi; (x) Managing Director, Karachi Urban Transport Company; (xi) Deputy Inspector General, Traffic Police; (xii) representatives from the business community and civil society, such as the Transport Association, acceptable to ADB; and (xiii) associated development partners, notably the United Nations Development Programme (UNDP).
15. The proposed TA processing and implementation schedule is listed in Table A4.4.

Table A4.4: Technical Assistance Processing and Implementation Schedule

| Major Milestones | Expected Completion Date |
|---|---------------------------------|
| Recruitment of consultants and commencement of service | May 2014 |
| Interim Report, including detailed TORs for PDA and loan consultants | June 2014 |
| Draft Final Report, including fined tuned preliminary design and cost estimates | August 2014 |
| Final Report, including all due diligence and PPP assessment | September 2014 |
| Physical completion upon submission of Final Report | October 2014 |
| Financial closure | December 2014 |

PDA = project design advance; PPP = public-private partnership; TOR = terms of reference.
Source: ADB estimates.