

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. A Project preparatory technical assistance (TA) is required to produce a mutually agreeable project suitable for Asian Development Bank (ADB) financing. The TA will (i) review the project component plans and designs, and suggest ways to enhance the quality of the project; (ii) help define the scope, design, and operating plan of the proposed road safety components to be included in the project; (iii) ensure that the executing agency (EA) and implementing agencies (IAs) have the capacity to successfully implement the project and conduct any training or capacity development required to ensure such capacity; (iv) validate the feasibility studies; (v) conduct the economic and financial analysis; (vi) in cooperation with the EA, determine areas where the TA will support the transport sector in Chongqing and enhance the benefits delivered by the proposed project components; and (vii) ensure that the EA adheres to ADB's Safeguard Policy Statement (2009) covering resettlement, the environment, and to ADB's social and gender policy during project planning and preparation.

B. Major Outputs and Activities

2. The major outputs and activities are summarized in Table A4.1.

Table A4.1: Summary of Major Outputs and Activities

Major Activities	Major Outputs	Expected Completion Date
Transport sector assessment, and agreed project components	Agreed project design and scope	Q1 2015
	Sector and design reviews	
Due diligence on project feasibility study including design, engineering, and cost estimates	Completed feasibility study report	Q2 2015
	Validated project scope and costs Procurement Plan	Q2 2015
Economic analysis of proposed project	Economic Analysis report	Q2 2015
Financial analysis and management assessment	Financial analysis report Financial management/ Procurement assessment	Q2 2015
Assist IA to complete IEE	Draft IEE	Q1 2015
	Final IEE and EMP	Q2 2015
Assist IA to complete RPs	RPs for logistics parks	Q1 2015
Assist IA to complete SDAP	SDAP	Q1 2015

EMP = environmental management plan, IA = implementing agency, IEE = initial environmental examination, Q = quarter, RP = resettlement plan, SDAP = social development action plan.

Source: Asian Development Bank estimates.

C. Cost Estimate and Proposed Financing Arrangement

3. The TA is estimated to cost \$700,000 equivalent, of which \$600,000 will be financed on a grant basis through ADB's Technical Assistance Special Fund (TASF-other sources). The government will provide counterpart support in the form of suitable furnished office accommodation with utilities; telecommunications access; materials, maps, data and documents required by the TA; counterpart professional staff, and support staff; and other in-kind contributions. The government was advised that approval of the TA does not commit ADB to financing any ensuing 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 (15.5 person-months)	341.0
ii. National consultants (23 person-months)	115.0
b. International and local travel	54.0
c. Reports and communications	10.0
2. Equipment (computer, printer, etc.) ^b	5.0
3. Workshops, training and seminars ^c	15.0
4. Miscellaneous administration and support costs	5.0
5. Surveys, data, information collection	5.0
6. Contingencies	50.0
Total	600.0

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

^b Equipment

Type	Quantity	Cost
TBD	TBD	\$TBD

This equipment will be turned-over to the executing agency upon physical completion of the TA. The equipment will be procured according to ADB's Procurement Guidelines (2013, as amended from time to time) using the shopping method.

^c Workshops, training, seminars, and conferences

Purpose	Venue
Logistics Information Services	Chongqing
Eco-Logistics	Chongqing

Source: Asian Development Bank estimates.

D. Consulting Services

4. The TA will be implemented using a combination of individual consultants and an international consulting firm. Individual consultants will be engaged for selected activities such as logistics information services, eco-logistics and supporting public-private partnership (PPP) related preparations.

Table A4.3: Summary of Consulting Services Requirement

Positions	Person-Months Required
A. International	
1. Logistics specialist (team leader)	4.0
2. PPP specialist (individual)	2.0
3. Logistics information services specialist	2.0
4. Eco-Logistics specialist	2.0
5. Procurement specialist	1.0
6. Economic specialist	1.0
7. Financial specialist	1.0
8. Social development and safeguards specialist	1.0
9. Environment specialist	1.5
Sub total (A)	15.5
B. National	
1. Logistics specialist (deputy team leader)	6.0
2. Economic specialist	2.0
3. Financial specialist	2.0
4. Social development and safeguards specialist	2.0
5. Resettlement specialist	2.0
6. Environment specialist	3.0
7. Project coordinator and facilitator (individual)	6.0
Sub total (B)	23.0
Total (A+B)	38.5

PPP = public-private partnership.
Source: Asian Development Bank.

5. The outline terms of reference for the project preparatory TA consultants are described in paragraphs 6 to 16.

6. **Logistics specialists** (international, 4 person-months; national, 6 person-months). The consultants will: (i) carry out a situation analysis by assessing the existing logistics operations (magnitude, nature of operations, type of operations) in the city (ii) review the traffic flows to and from the proposed project sites and identify the key mode interchange points; (iii) identify the main bottlenecks which restrict efficient intermodal transfers; (iv) review and optimize the government's feasibility study report in terms of design, engineering, and cost, (v) work with the EA, ADB, and relevant team members to identify and develop intermodal components to address key sector problems and opportunities; (vi) contribute and provide feedback to ADB's Report and Recommendations to the President and linked documents (e.g., Project Administration Manual); (vii) develop the implementation arrangements and the organizational set-up for project management; (viii) prepare an implementation schedule and a schedule for disbursement of ADB loan funds and counterpart funds; (ix) prepare a logical framework that outlines the goals, purposes, outputs, inputs, and activities under the project; and (x) assist in the preparation of a procurement plan including a list of contract packages (with justification and estimated contract amount) for ADB financing.

7. **Public-private partnership specialist** (international, 2 person-months). The consultant will (i) review existing reports, studies and information to ascertain the business case for the PPP procurement of the project; (ii) explore and recommend possible arrangements for developing and implementing the project under a PPP structure, including specific roles for the public and the private sector; (iii) undertake preliminary risk analysis for the recommended PPP arrangement including risk identification, allocation, mitigation measures and monitoring; and

(iv) establish the potential for private sector participation in the construction of project facilities and the provision of services during operations, and assess the financial impact.

8. **Logistics Information Services specialist** (international, 2 person-months). The logistics information services specialist will provide policy recommendations and action plans to improve the efficiency of the logistic chains that link with the logistics network in Chongqing. This concerns all forms of communication and related systems that improve the information position of all market players involved. The specialist shall demonstrate good understanding of the current status and issues of transport and freight information platforms in the PRC and will cover the technical aspects of the development and management of logistics information platforms based on best practices.

9. **Eco-logistics specialist** (international, 2 person-months). The consultant will identify industry best practice benchmarks to provide the basis for recommendations for low carbon design principles and operational management strategies. Examples include (i) Warehouse design - orientation of building, glazing ratio, insulating properties of building envelope, energy and water source and efficiency of heating, cooling, ventilation, interior/exterior lighting and water systems, integration of a waste management facility and on-site recycling of waste and wastewater, rainwater harvesting, incorporation of features to increase durability and service life of key building components, intelligent systems (automated/remote sensor doors, lights and temperature controls), amenity resources, landscaping, covered external routes from car park/bus stop to building entrances, maintenance strategy); (ii) Mechanical handling technology - options for cleaner machines (liquefied petroleum gas, electric stored battery), on-site renewable energy generation - wind, pv, recovered process waste energy e.g. heating, ventilation and air conditioning system, recovered kinetic energy, cleaner fuels - natural gas, bio-diesel; and (iii) Freight operations - intelligent systems for consolidation, routing, real-time traffic data, driver training, behavioral change, improvements to vehicles e.g. compliance to emission standards, upgrade freight fleet, better regulation and control of loads and time/route. The consultant will work with the EA and operator to develop a proposal for a project eco-logistics subcomponent. This would include development of an Environmental Management System for Tuanjiecun International Logistics Park that could be certified under ISO14001 or equivalent and options for certification of design, operations and management systems, through national and/or international green building standards or equivalent. The proposal will include scope, terms of reference for specialist consultants, implementation schedule, roles and responsibilities, budget and a design and monitoring framework.

10. **Procurement specialist** (international, 1 person-month). The procurement specialist is required to be familiar with ADB's procurement guidelines and procedures. The specialist will be responsible for (i) assessing EA/IA's capacity in carrying out procurement as per ADB's procurement guidelines, incorporating elements of PPP as required; (ii) assisting the EA/IA in advance procurement, which includes the preparation of procurement plan, procurement packaging, procurement documents, technical schedules, etc., to attain a high level of readiness to bid; and (iii) delivery of training workshops on procurement to the EA and IA.

11. **Economic specialists** (international, 1 person-month; national, 2 person-months). The consultants will (i) review the project rationale based on a problem diagnosis, and provide a basis for ADB involvement; (ii) identify all project costs and the economic benefits comparing with-project and without-project situations, and estimate the economic internal rate of return of the separate project components as well as of integrated analyses; and (iii) undertake sensitivity analysis and recommend issues to minimize potential risks. The economic specialists will

cooperate with the financial specialist as regards the identification and quantification of revenue generating elements of the project.

12. **Financial specialists** (international, 1 person-month; national, 2 person-months). The consultants should be a Chartered Accountant or Certified Public Accountant, and should be a member of a professional accounting entity. The consultant will (i) assess and prepare financial projections for the project components in accordance with ADB guidelines and carry out a financial evaluation for the project over the construction and operation period by calculating the financial internal rate of return and comparing it with a weighted average cost of capital; (ii) carry out financial management assessment (FMA) for the project; (iii) develop the design of the funds flow and disbursement mechanisms for the ensuing project, based on the FMA of executing/implementing agencies; and (iv) identify any further capacity building (financial management and ADB's disbursement procedures) that will be necessary for the project, based on the results of the FMA.

13. **Social development and safeguards specialist** (international, 1 person-month; national, 2 person-months). The consultants will (i) prepare socioeconomic and poverty profiles for the areas; (ii) based on the initial poverty and social assessment, conduct poverty and social analysis in accordance with ADB guidelines; (iii) assess other social issues including AIDS prevention, gender, and labor impacts; (iv) prepare a social development action plan; and (v) for the site where land acquisition and resettlement has already been implemented, review the LAR reports and ensure that the report meets ADB requirements.

14. **Resettlement specialist** (national, 2 person-months). The consultant will: (i) identify persons and communities potentially affected by resettlement based on ADB guidelines; (ii) with the assistance of the international social development specialist, assess the policy and legal framework for resettlement with respect to city government and PRC regulations, and identify gaps as compared with ADB's policy, and propose measures to address these gaps; (iii) assist the EA to prepare the resettlement documents and to finalize the resettlement plan which complies with ADB's Safeguard Policy Statement (2009); and (iv) assist the EA in defining categories for impact and compensation eligibility of affected peoples, and prepare an entitlements matrix covering compensation and other assistance for all types of impacts to achieve full rehabilitation for lost assets, income and livelihoods.

15. **Environment specialist** (international, 1.5 person-months; national, 3 person-months). The consultants will help the EA to carry out further investigations and analysis, as required, to prepare an Initial Environmental Examination (IEE) and Environmental Management Plan (EMP) in accordance with the guidance in ADB's Safeguard Policy Statement (2009). The consultants will co-ordinate with the social and resettlement specialists and the eco-logistics and logistics information services specialist and other members of the TA team, as needed, to inform the IEE and EMP and to support the development of an environmental management system proposal.

16. **Project Coordinator and Facilitator** (national, 6 person-months). The project coordinator and facilitator will work with the EA and IA, and arrange to provide the domestic data and reports to the consulting team. The consultant will ensure close coordination between ADB, EA, IA, and the consulting team, and assist during all project missions by providing translation and interpretation assistance.

E. Implementation Arrangements

17. The EA is the Chongqing Municipal Government, which will be responsible for completing the draft feasibility studies. The implementing agency will be the Chongqing Transport Holding (Group) Co. Ltd. The EA will support the proposed TA through in-kind contributions of office facilities, counterpart staff and related expenses. Disbursements under the TA will be done in accordance with ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time). An advance payment facility could be used to conduct training, seminars, and conferences. Any procurement under this TA will be conducted in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). The TA activities will commence on 1 October 2014 and end on 31 March 2016.

18. 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
Consultation Mission	Feb 2014
Reconnaissance Mission	Mar 2014
Concept Clearance	Jul 2014
Recruit TA consultants	Sep 2014
Field TA consultants/Inception Mission	Oct 2014
Interim review mission	Mar 2015
Draft final report	Jun 2015
Loan fact-finding mission	Jun 2015
Final TA report	Sep 2015
Management review meeting	Sep 2015
Loan negotiations	Feb 2016
Board consideration	Apr 2016
Loan effectiveness	Jul 2016

TA = project preparatory technical assistance.

Source: Asian Development Bank estimates.