

## PROJECT PREPARATORY TECHNICAL ASSISTANCE

### A. Justification

1. Project preparatory technical assistance (PPTA) is required in order to produce a mutually agreeable project suitable for Asian Development Bank (ADB) financing. The PPTA 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 railway bypass line; (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 PPTA will support the transport sector in Ulaanbaatar 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 A3.1.

**Table A3.1: 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 Sector and design reviews	Q1 2016
Due diligence on project feasibility study including design, engineering, and cost estimates	Completed feasibility study report Validated project scope and costs Procurement Plan	Q2 2016
Economic analysis of proposed project	Economic Analysis report	Q2 2016
Financial analysis and management assessment	Financial analysis report Financial management/ Procurement assessment	Q2 2016
Assist IA to complete EIA	Draft EIA, EMP, and EARF Final EIA and EMP, and EARF	Q4 2016
Assist IA to complete RP	RP	Q3 2016
Assist IA to complete SDAP	SDAP	Q3 2016

EARF = environmental and assessment review framework, EIA= environmental impact assessment plan, EMP = environmental management plan, IA = implementing agency, Q = quarter, RP = resettlement plan, SDAP = social development action plan.

Source: Asian Development Bank estimates.

### C. Cost Estimate and Proposed Financing Arrangement

3. The PPTA is estimated to cost \$1,500,000 equivalent which will be financed on a grant basis through ADB's Technical Assistance Special Fund-V (TASF-V). 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 PPTA counterpart professional staff, support staff, and other in-kind contributions. The government was advised that the approval of the PPTA does not commit ADB to finance any ensuing project. The detailed cost estimate is presented in Table A3.2.

**Table A3.2: Cost Estimates and Financing Plan**

Item	Total Cost (\$'000)
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (21.5 person-months)	484.0
ii. National consultants (29.5 person-months)	116.0
b. International and local travel	250.0
c. Report preparation and communications	30.0
2. Equipment (computer, printer, etc.) <sup>b</sup>	15.0
3. Workshops, training and seminars <sup>c</sup>	50.0
4. Miscellaneous administration and support costs <sup>d</sup>	10.0
5. Surveys, data, information collection <sup>e</sup>	250.0
6. Contingencies	295.0
<b>Total</b>	<b>1500.0</b>

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

<sup>b</sup> **Equipment**

Type	Quantity	Cost
Computer	5	\$7,000
Printer	3	\$3,000
Scanner	1	\$1,000
Camera	1	\$1,000
Miscellaneous		\$3,000

Equipment will be turned-over to the executing agency upon physical completion of the PPTA. The equipment will be procured according to ADB's Procurement Guidelines (2015, as amended from time to time) by the PPTA consulting firm using the shopping method.

<sup>c</sup> **Workshops, training, seminars, and conferences**

Purpose	Venue
Inception workshop	Ulaanbaatar
Midterm workshop	Ulaanbaatar
Draft final workshop	Ulaanbaatar
Final workshop	Ulaanbaatar

<sup>d</sup> This may include translation costs and media for public awareness campaign.

<sup>e</sup> This will be used for engineering and geo-technical surveys

Source: Asian Development Bank estimates.

## D. Consulting Services

4. The PPTA will be implemented using an international consulting firm in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). An association with suitable domestic consultants is encouraged to complement consultant's local knowledge and experience. It is anticipated that the following international and national staff will be required:

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

Positions	Person-Months Required
<b>A. International</b>	
1. Railway engineer (team leader)	9
2. Procurement specialist	3
3. Traffic forecast and economic specialist	2
4. Financial specialist	2
5. Social development and resettlement specialist	2.5
6. Environment specialist	3
<b>Sub total (A)</b>	<b>21.5</b>
<b>B. National</b>	
1. Railway engineer (deputy team leader)	10
2. Procurement specialist	5
3. Traffic forecast and economic specialist	2
4. Financial specialist	2
5. Social development specialist	2.5
6. Resettlement specialist	3
7. Environment specialist	5
<b>Sub total (B)</b>	<b>29.5</b>
<b>Total (A+B)</b>	<b>51</b>

Source: Asian Development Bank.

5. The outline terms of reference for the PPTA consultants are described below.
6. **Railway Engineers** (international, 9 person-months; national, 10 person-months). The consultants will (i) carry out site inspections to identify main engineering issues, (ii) identify the most suitable track alignment, (iii) identify station location and prepare preliminary station designs, (iv) recommend technical standards and design conditions, (v) develop implementation arrangements for project management, and (vi) assist in the preparation of a procurement plan.
7. **Procurement specialists** (international, 3 person-months; national, 5 person-months). The procurement specialist is required to be familiar with ADB's procurement guidelines and procedures. The specialist will be responsible for (i) assessing procurement capacity of the EA/IA, (ii) assist the EA/IA in preparing the procurement plan, (iii) support procedures in advance contracting, and (iv) provide capacity development activities on procurement to the EA/IA.
8. **Traffic forecast and economic specialists** (international, 2 person-months; national, 2 person months). In line with ADB guidelines and reference documents on cost-benefit analysis,<sup>1</sup> the consultants will (i) conduct least cost analysis of alignment options, (ii) assess project rationale and its role in the logistics chain for both freight and passenger traffic, (iii) identify rail traffic growth factors, (iv) analyze railway operating costs, (v) identify and quantify the economic benefits of increasing railway traffic efficiency, (vi) define total investment cost estimate, (vii) undertake cost-benefit evaluation of the project to determine internal rate of return and net present value, and (viii) identify and evaluate project risks.
9. **Financial specialists** (international, 2 person-months; national, 2 person-months). The consultants are preferably a Chartered Accountant or Certified Public Accountant and a member of a professional accounting entity. The consultants will (i) prepare cost estimates, financing plan and financial cost-benefit analysis of the project, (ii) prepare financial projections of project components, (iii) carry out financial management assessment, and (iv) develop the design and funds flow and disbursement mechanisms for the ensuing project.
10. **Social development and resettlement specialist** (international, 2.5 person-months); The consultant will (i) provide oversight and guidance in conducting social safeguards due diligence, (ii) assist the EA in preparing resettlement plan, (iii) undertake consultations with the project affected persons, (iv) review organizational structure and capacity for resettlement implementation, (v) develop livelihood restoration plan based on the outcomes of consultation process, (vi) assess project impacts on the indigenous peoples, (vii) conduct gender analysis and assess the degree to which the project could provide gender benefits, and (viii) prepare the social analysis and social development action plan.
11. **Social development specialist** (national, 2.5 person-months). The consultant will (i) conduct a poverty and social analysis in accordance with ADB's Handbook on Poverty and Social Analysis (2012), (ii) identify key stakeholders and their project related interests, (iii) assess the role of civil society organizations in the design, preparation and implementation of the project, (iv) conduct gender analysis with the aim to develop the project as "some gender elements" category, (v) prepare the poverty and social analysis, and (vi) assist in preparing the social development and action plan.
12. **Resettlement specialist** (national, 3 person-months). The consultant will (i) identify alternative alignments or designs to avoid or minimize the amount of land required for project

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<sup>1</sup> Reference is made to ADB publications, namely Key Areas of Economic Analysis of Investment Projects (2013), Guidelines for Economic Analysis of Projects (1997) and Cost-Benefit Analysis for Development – A Practical Guide (2013).

implementation, (ii) conduct socioeconomic impact assessment of the resettlement, (iii) assist the EA in conducting census of affected households, (iv) assess the policy and legal framework for resettlement with respect to the policies and regulations of the Government of Mongolia, (v) assess and verify that the compensation standards are based on replacement cost, (vi) assist in developing 'grievance redress mechanism' to receive and facilitate resolution of affected persons' concerns, and (vii) assist in developing an effective consultation mechanism.

13. **Environment specialists** (international, 3 person-months; national, 5 person-months). The consultants will (i) assist the EA to carry out further investigations and analysis, as required, to prepare the Environment Impact Assessment (EIA), Environmental Management Plan (EMP) and Environmental Assessment and Review Framework (EARF) for all project components, in accordance with the guidance in ADB's Safeguard Policy Statement (2009) as well as the requirements of the Government of Mongolia, and (ii) co-ordinate with other PPTA consultants to optimize the alignment, design, construction, and operation and maintenance proposals to minimize environmental impacts. It is assumed that the Government will handle all aspects of the domestic environmental approvals and adequate baseline studies will be carried out and be made available prior to the PPTA to inform the EIA, EMP and EARF for approval by ADB.

## E. Implementation Arrangements

14. The EA is the Ministry of Road and Transport. The EA will support the proposed PPTA through in-kind contributions of counterpart staff and related expenses. Disbursements under the PPTA will be done in accordance with ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time). Any procurement under this PPTA will be conducted in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). The PPTA will commence on 1 Sept 2015 and end on 31 December 2016.

15. The proposed PPTA processing and implementation schedule is listed in Table A3.4.

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

<b>Milestones</b>	<b>Expected Completion Date</b>
Concept clearance	Jul 2015
Recruit PPTA consultants	Sep 2015
Field PPTA consultants/inception mission	Jan 2016
Interim review mission	Apr 2016
Draft final report	Jun 2016
Loan fact-finding mission	Sep 2016
Final PPTA report	Oct 2016
Management review meeting	Oct 2016
Loan negotiations	Jan 2017
Board consideration	Apr 2017
Loan Signing	Jun 2017
Loan effectiveness	Aug 2017

PPTA = project preparatory technical assistance.