



Technical Assistance Report

Project Number: 48339-001
Capacity Development Technical Assistance (CDTA)
December 2014

Nepal: Enhancing Portfolio Performance

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 20 November 2014)

Currency unit	–	Nepalese rupee/s (NRe/NRs)
NRe1.00	=	\$0.01001
\$1.00	=	NRs98.84

ABBREVIATIONS

ADB	–	Asian Development Bank
CDRC	–	Capacity Development Resource Center
GDP	–	gross domestic product
MIS	–	management information system
MOF	–	Ministry of Finance
MPIT	–	Ministry of Physical Infrastructure and Transport
NPC	–	National Planning Commission
PPMO	–	Public Procurement Monitoring Office
TA	–	technical assistance

NOTES

- (i) The fiscal year (FY) of the Government of Nepal ends on 15 July. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2014 ends on 15 July 2014.
- (ii) In this report, “\$” refers to US dollars.

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CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 48339-001	
Project Name	Enhancing Portfolio Performance	Department /Division	SARD/NRM
Country Borrower	Nepal Government of Nepal	Executing Agency	Ministry of Finance
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Agriculture, natural resources and rural development	Rural water policy, institutional and capacity development		0.50
Transport	Transport policies and institutional development		0.50
Water and other urban infrastructure and services	Urban policy, institutional and capacity development		0.50
Total			1.50
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Institutional development Organizational development Public financial governance	No gender elements (NGE)	✓
5. Poverty Targeting		Location Impact	
Project directly targets poverty	No	Nation-wide	High
6. TA Category:	A		
7. Safeguard Categorization	Not Applicable		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		1.50	
Sovereign Capacity development technical assistance: Technical Assistance Special Fund		1.50	
Cofinancing		0.00	
None		0.00	
Counterpart		0.15	
Government		0.15	
Total		1.65	
9. Effective Development Cooperation			
Use of country procurement systems		No	
Use of country public financial management systems		No	

I. INTRODUCTION

1. Under its country partnership strategy (CPS) for Nepal for 2013–2017, the Asian Development Bank (ADB) will focus on supporting accelerated, sustainable, and inclusive economic growth by helping to enhance economic opportunities and access to jobs through investments in physical and human capital.¹ To achieve these goals, the CPS emphasizes the need to improve the portfolio performance of projects funded by ADB. During ADB's 2014 country programming mission, the Government of Nepal requested a technical assistance (TA) to develop critically needed capacity in key agencies and meet an immediate requirement for better investment planning and project preparation, implementation, monitoring, and reporting. The impact, outcome, outputs, costs and financing plan, implementation arrangements and terms of references of the TA were discussed and agreed with the government. The design and monitoring framework is in Appendix 1.²

II. ISSUES

2. Nepal has been undergoing a challenging political transition since armed civil conflict ended in the country in 2006. Prolonged efforts have been made to promulgate a federal constitution, with the latest target date in early 2015. During this transition, Nepal has maintained macroeconomic stability. The annual growth rate in real gross domestic product (GDP) averaged 4.4% during 1996–2011, and the poverty rate fell sharply from 42% to 25% over this period. Nepal will likely to meet more than half of the Millennium Development Goals. The country continues to face significant development challenges, however, it is still far from graduating from the least-developed country category. While reduced, poverty remains high, and socioeconomic disparities between geographical regions and social groups are wide. Achieving a government goal of graduating from the least-developed country status by 2022 will call for much faster and more inclusive employment-centric growth.

3. In pursuing higher and more inclusive economic growth, the government's low capital expenditure and an inability to use allocated budget fully and effectively remain a major concern. Public capital expenditure was only 3.3% of GDP in FY2014 and averaged only 4.0% of GDP during FY2009—FY2013. By comparison, the rate in Bangladesh and Sri Lanka were about 7% over the same period. The government has increased its budget allocation for capital expenditure in FY2015 by 82.8% over the FY2014 revised estimate. This would be equivalent to 5.4% of GDP, but the poor capacity of its agencies to absorb these funds and spend them in full is challenging. Only 75.0% of the planned capital expenditure budget for FY2014 was used, and the average utilization rate during FY2009—FY2013 was only 67.2%. Among other things, this reflects persistent weaknesses in public financial management and project implementation.

4. To enhance its capital spending and address the country's infrastructure deficit, the government needs to prepare a pool of projects that are ready to be implemented. This requires the establishment of project preparatory facilities for critical infrastructure sectors. While ADB is providing support in this area through the project design advance facility, the government needs to apply project readiness filters more systematically to reduce the start-up delays, which remain common, and improve the performance of projects. It also needs to make its annual budget preparation and approval processes more efficient and effective by, among other things, improving the coordination and monitoring among the National Planning Commission (NPC), the Ministry of Finance (MOF), and the line ministries. A better management information system (MIS) that can support the government's budgetary approval and monitoring processes more effectively is also required.

¹ ADB. 2013. *Country Partnership Strategy: Nepal, 2013–2017*. Manila.

² The TA first appeared in the business opportunities section of ADB's website on 5 November 2014.

5. As a least developed country, the government agencies need strong support to build their implementation capacity, particularly in planning, preparation, procurement, and implementation for government projects. A lack of proper procurement plans of the projects makes it difficult for the government agencies and ADB to monitor procurement activities and manage contracts. A particular concern is the poor enforcement of the country's public procurement act and regulations. Some steps have been taken toward e-procurement, such as a rollout of electronic submission of bids for government procurement in 2013, but the human resources and abilities of the central regulating agency—the Public Procurement Monitoring Office (PPMO)—remain weak. The PPMO has not yet established an effective mechanism for monitoring the procurement performance of government executing and implementing agencies at large, and it suffers from a high turnover of key officials. Procurement capacity is also low in the country's local government bodies. The lack of trained procurement personnel and weak financial management expose government spending to high fiduciary risks. In 2011, ADB helped PPMO's initiative for capacity building through a TA to train the government staff at the Nepal Administrative Staff College.³

6. Poor performance by contractors and consultants continues to impair many projects of the governments including those funded by development partners. The current qualification requirements and other procurement criteria are inadequate, and do not address these issues, which include the absence of a lead firm for projects, delays by contractors in deploying equipment and personnel, and unauthorized changes in personnel. Penalties are limited, and these problems lead to project delays and cost overruns. The performance of consultants is also often poor, with a high turnover of key personnel and weak supervision and management by government implementing agencies. These issues are systemic, and to address them the government needs to have more stringent qualification criteria, better contract administration, greater oversight by its executing agencies, and a sound system for monitoring and evaluating the performance of both contractors and consultants.

7. Reflecting these overall problems, the portfolio performance of ADB-assisted projects in Nepal has been weak. As of 31 October 2014, of the ADB's active portfolio of \$1.8 billion—that comprises 39 investment projects—only 43% is contracted and 29% disbursed. Nepal's disbursement performance was weaker than those of other developing member countries of ADB in the South Asian subregion. At disbursement ratio of 16.3% in 2013, it was also lower than the overall ADB average of 21%. The weak performance is closely linked to the common start-up delays and slow procurement, which translate into time extensions. Most ADB projects in Nepal are not completed on time.

8. To improve the ADB portfolio's performance, it is imperative that procurement, project management, contract management, fiduciary oversight, and financial management be improved, and that the capacity of executing agencies and implementing agencies be strengthened in these areas. Project preparation and readiness must also improve. This calls for preparation of a pool of implementation-ready, high-priority infrastructure projects; and steps to upgrade the MOF and the NPC systems for allocating, monitoring, and supporting the spending of government budgets.

³ ADB. 2009. *Regional Technical Assistance on Asia Pacific Procurement Partnership Initiative*. Manila.

III. THE CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE

A. Impact and Outcome

9. The impact will be enhanced capital expenditure in Nepal. This will be measured against targets for an increased capital-expenditure-to-GDP ratio and a higher utilization rate of allocated budget. The outcome will be the improved portfolio performance of ADB-assisted projects.⁴ The TA will aim to help increase the contract award ratio to 27% and the disbursement ratio to 24% by 2018. It will also target a reduction in the time required for disbursing 10% of these project funds to 12 months and that needed to disburse 30% to 24 months.

B. Methodology and Key Activities

10. The TA will deliver three outputs through the methodologies and activities detailed in paras.11 to 16.

11. **Output 1: Project budgetary and monitoring process improved.** The TA project will assess the existing arrangements for budget preparation, allocation, appropriation, approval, transfer, execution, and monitoring by the MOF and the NPC. It will identify gaps or bottlenecks and devise ways to accelerate fund use by the executing agencies of the government projects. A web-based reporting system will be set up for real-time monitoring and intervention by the high-level implementation review committees established by the government to monitor their priority projects.

12. **Output 2: Action plan for enhancing capital expenditure of key infrastructure sectors developed and implementation started.** In priority sectors such as transport, energy, urban and rural infrastructure, the TA project will assess the existing sector investment strategies and plans, project pipelines, and institutional setup. This will include an evaluation of current human resources for project planning and implementation, and asset management. Based on the findings, the TA project will develop roadmaps or action plans to enhance sector capital expenditures. It will also help begin implementation of the road map or action plan. It will develop specific recommendations, which may include the need for institutional reforms, additional resources for strengthening sector investment plans, the development of project banks or a pipeline of readily implementable projects, and a human resources strategy for achieving higher investments through increased deployment of project engineers and/or use of consultants. TA implementation will include consultations with the important stakeholders, including the government, development partners, local think-tanks and experts, and consultant and contractor associations.

13. **Output 3: Capacity of executing and implementing agencies improved.** The TA project's primary focus will be on delivering this output by (i) improving the overall procurement system, (ii) building capacity in project implementing institutions, (iii) improving project implementation guidelines, (iv) establishing a procurement accreditation system, and (v) strengthening the MIS. These are primarily aimed to strengthen the capacity of the executing and implementing agencies of the projects assisted by ADB. The first step will be the preparation of a medium-term risk-reduction action plan. The plan will specify measures to be taken by project agencies and contractors for enhancing thresholds for post-review of national and international competitive bidding. The TA will help the agencies concerned begin

⁴ The assistance by ADB and World Bank accounted for more than 50% of capital expenditure (with almost equal shares) over the past years. Therefore, improvement in the performance of ADB (and WB) portfolio can have visible impacts on percentage of capital expenditure against GDP. Further, the issue of low capital expenditure is closely associated with low absorptive capacity or portfolio performance of ongoing projects, as opposed to the resource availability, which is also seen in the country's fiscal balance which remains very low deficit or even surplus in the recent years.

implementing these measures. This will be based on outcome of the country procurement risk assessment done by Operations Services and Financial Management Department of ADB in 2014.

14. Learning from the experience of the Capacity Development Resource Center (CDRC) established in ADB's India Resident Mission, the TA project will set up a similar center in ADB's Nepal Resident Mission with the support and guidance of ADB's South Asia Department (SARD). As part of the CDRC activity, the TA project will establish a capacity assessment and monitoring system for individual executing agencies and implementing agencies and use the system's findings to establish annual training calendars. Training will be developed and delivered, mainly on government and ADB procedures and system for procurement, consultant selection, accounting, financial reporting and management, disbursement, safeguards, and contract administration. Training material prepared for the ADB's India Resident Mission CDRC will be used when appropriate. An annual calendar of the training sessions will be provided to the executing and implementing agencies to help them plan their participation. Training will use the Federation of International Consulting Engineers conditions of contract, project management, and technical audit. Additional thematic training will cover gender empowerment and social inclusion, good governance and anticorruption measures, and sector-specific subjects such as sustainable asset management and user cost recovery.

15. ADB's Nepal Resident Mission will facilitate these programs through its sector and thematic staff and national consultants. The TA project will also engage national and international training agencies and academic institutions to provide the training. National consultants provided under the TA will support for procurement and contract management, particularly for new ADB-assisted projects. Business opportunity seminars will also be held to improve the participation of contractors, consultants, and nongovernment organizations in ADB-funded projects. Under this output's activities, the TA project will review the existing standards and manuals for preparing construction programs, controlling and managing work progress and quality, recording the works completed, and undertaking technical auditing of infrastructure works. Based on the findings, it will prepare improved guidelines and manuals and give the relevant training to the staff of the executing and implementing agencies, contractors, and consultants of ADB-assisted projects. Because many ADB-assisted projects are completed late, the TA project will establish appropriate tools to monitor the progress and performance of individual contracts and supervision consultants.

16. The TA will prepare proposals for establishing national accreditation systems for procurement and construction supervision to the government staff involved in the implementation of ADB-assisted projects, in coordination with the PPMO, academic institutions, and engineer associations. Following which a program for accreditation systems for procurement and construction supervision will be launched. Finally, the TA will support the creation of database and establishment of MIS to record past and ongoing contracts of contractors and consultants, including progress and performance. The MIS will be managed by the Ministry of Physical Infrastructure and Transport.

C. Cost and Financing

17. The TA is estimated to cost \$1,650,000, of which \$1,500,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-V). The government will provide counterpart support in the form of office accommodation, counterpart staff, facilities for seminars and meetings, and other in-kind contributions. The TA is included in ADB's country operations business plan, 2015–2017 for Nepal.⁵ The detailed cost estimates and financing plan is in Appendix 2.

⁵ ADB. 2014. *Country Operations Business Plan: Nepal, 2015–2017*. Manila.

D. Implementation Arrangements

18. **Institutional arrangements.** The MOF will be the executing agency responsible for providing the strategic direction for implementation of the TA. ADB's Nepal Resident Mission will manage and oversee TA implementation, working closely with TA beneficiaries to ensure effective use of TA resources. The beneficiaries of the TA will be the PPMO, the NPC, the MOF, and the Ministry of Physical Infrastructure, and Transport. The TA will be implemented from 1 January 2015 to 31 December 2017.

19. **Consulting services.** The project will require 20 person-months of international and 117 person-months of national consultant services, with total of 137 person-months. Consultants will provide specialized inputs for capacity development and institutional strengthening. Consultants will be recruited by ADB in accordance with its Guidelines on the Use of Consultants (2013, as amended from time to time). Given the diverse nature of the deliverables, some of the experts may need to be recruited individually for activities such as coordinating the training. A firm will be selected under quality- and cost-based selection system and the weighting of the technical and financial proposals will be 90:10. To reduce the administrative burden and improve economy and efficiency, consulting services under the TA may be engaged on lump sum, output-based contracts when appropriate. The CDRC capacity development training activities are expected to be delivered through the Nepal Administrative Staff College, which is an autonomous training entity designated by the government to develop and conduct appropriate trainings to government staff. The college may be selected to provide training through a single source selection procedure.⁶ The outline terms of reference for consultants are in Appendix 3.

20. The TA-funded training will be implemented in close coordination with and under the guidance of ADB's South Asia Department. Information will be exchanged with other resident missions, particularly the ADB's India Resident Mission, for mutual learning and the sharing of best practices. ADB's Nepal Resident Mission will organize training programs with the help of resource persons from ADB, national consultants, and institutes in Nepal and neighboring countries. Disbursements under the TA will be carried out in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

21. The consultant will discuss with the TA beneficiaries and provide ADB and MOF with an inception report and quarterly progress reports that stipulate the overall work plan, progress of work, and proposed actions for the next quarter. This is aimed at ensuring good quality and timely delivery of milestones for all the envisaged activities. Training materials will be printed locally and posted on ADB and MOF's website. An annual capacity development report will be prepared by the team leader to document improvement in the portfolio performance of ADB-assisted projects, the training programs conducted, feedback from participants, best practices, and sector and thematic knowledge developed. The report will be published and disseminated to all stakeholders.

IV. THE PRESIDENT'S DECISION

22. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$1,500,000 on a grant basis to the Government of Nepal for Enhancing Portfolio Performance, and hereby reports this action to the Board.

⁶ The Nepal Administrative Staff College has been proposed by government to conduct selected training. It has the training resources and facilities including the residential campuses.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <p>Enhanced capital expenditure in Nepal</p>	<p>By end of 2022:</p> <p>Capital budget utilization rate increased from 75% (2013) to more than 90%</p> <p>Annual capital expenditure increases towards 5-7% of gross domestic product from 3.3% in 2013</p> <p>Nepal's country allocation for ADB's concessional loans will increase compared with 2013-2014, in line with improved outcome indicators</p>	<p>For all indicators:</p> <p>Reports of the Ministry of Finance, the Nepal Rastra Bank, and the National Planning Commission</p>	<p>Risk</p> <p>Prolonged political transition results in policy reform delays.</p>
<p>Outcome</p> <p>Improved portfolio performance of ADB-assisted projects</p>	<p>By end of 2018:</p> <p>Contract award ratio to reach 27% (2013 baseline: 22%) and disbursement ratio to reach 24% (2013 baseline: 16%)</p> <p>More than 90% of ADB-assisted ongoing projects rated satisfactory (2013 baseline: 85%)</p> <p>Time from approval to first 10% disbursement reduced to 12 months and 30% disbursements reduced to 24 months for ADB-assisted ongoing projects(Baseline for projects approved between 2006–2012: 10% disbursement in first 18 months and 30% disbursement in 33 months)</p>	<p>For all indicators:</p> <p>Government Aid Management Platform, and Nepal Resident Mission procurement monitoring sheet and e-operations</p>	<p>Risk</p> <p>Governance is weak and key staff members are often transferred in government agencies</p>
<p>Outputs</p> <p>1. Project budgetary and monitoring process improved</p>	<p>By end of 2017:</p> <p>Action plan for improved project monitoring and budgetary process implemented</p> <p>Web-based project monitoring tool launched</p>	<p>For all indicators:</p> <p>Publications of the Ministry of Finance, the National Planning Commission, and government budgets</p>	<p>Assumption</p> <p>Other development partners continue with strong reform agendas.</p>
<p>2. Action plan for enhancing capital expenditure of key infrastructure sectors developed and implementation started</p>	<p>By end of 2017:</p> <p>Government roadmap and action plan for enhancing capital expenditure in priority sectors launched, covering</p> <ul style="list-style-type: none"> (i) investment planning; (ii) detailed project reports; (iii) implementation setup for planning, project preparation, execution, and asset management; 	<p>Government annual development plan and policy report</p> <p>Country partnership strategy and country operations business plan^a</p>	

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
	and (iv) human resources		
3. Capacity of executing and implementing agencies improved	By end of 2017: Country procurement risk reduction action plan prepared and implemented; Capacity development resource center is established; At least 50 training courses conducted and at least 1,200 executing agencies and implementing agencies staff trained; Program for accreditation systems for procurement and construction supervision launched; Management information system in the Ministry of Physical Infrastructure and Transport to record and monitor contractor and consultant performance operationalized.	For all indicators: (i) Consultants' reports (ii) Government notices and newspapers (iii) Public procurement monitoring office websites	
Activities with Milestones 1. Project budgetary and monitoring process improved 1.1. Consultants in place by April 2015 1.2. Review government budgetary and monitoring process by July 2015 1.3. Draft action plans and project monitoring process by December 2015 1.4. Submit final draft action and project monitoring plans for budgetary process by February 2016 1.5. Establish a web-based project monitoring system by April 2016 2. Action plan for enhancing capital expenditure of key infrastructure sectors developed and implementation started 2.1. Consultants in place by April 2015 2.2. Review government investment strategy and actions by July 2015 2.3. Prepare draft investment strategy and actions by December 2015 2.4. Launch final government investment strategy and action by March 2016 3. Capacity of executing and implementing agencies improved 3.1. Consultants in place by January 2015 3.2. Prepare country procurement risk reduction action plan by June 2015 3.3. Establish pilot capacity development resource center by March 2015 3.4. Review standards and manuals for construction planning, work management, and technical auditing (or submit a report on possible improvements) by March 2016 3.5. Draft proposal for establishing accreditation systems for procurement and construction supervision by June 2016 3.6. Conduct training needs and executing agency capacity assessment survey by July 2015 3.7. Launch courses and training on procurement, construction, and project management launched by July 2015 3.8. Draft performance monitoring systems for contractors and consultants at the project level by December 2015 3.9. Prepare management information system for contractors and consultants by June 2015			Inputs ADB: \$1.5 million Note: The government will provide counterpart support in the form of office accommodation, counterpart staff, facilities for seminars and meetings, and other in-kind contributions.

ADB = Asian Development Bank.

^a ADB. 2013. *Country Partnership Strategy: Nepal, 2013–2017*. Manila; and ADB. 2014. *Country Operations Business Plan: Nepal, 2015–2017*. Manila.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	430.0
ii. National consultants	315.0
b. International and local travel	58.0
c. Reports and communications	10.0
2. Equipment ^b	48.0
3. Training, seminars, and conferences	
a. Facilitators	15.0
b. Training program	534.0
4. Surveys	40.0
5. Miscellaneous administration and support costs	35.0
6. Contingencies	15.0
Total	1,500.0

Note: The technical assistance (TA) is estimated to cost \$1,650,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of office accommodation, counterpart staff, facilities for seminars and meetings, and other in-kind contributions. The value of government contribution is estimated to account for approximately 10% of the total TA cost.

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

^b Procurement of computers, photocopiers, printers, facsimile machine, vehicles, and other office equipment.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

B. International Consultants

1. **Portfolio management specialist** (Team leader, 12 person-months, intermittent). The portfolio management specialist, team leader, is preferred to have 15 years of international experience in addition to a degree in engineering or a relevant field. The specialist will

- (i) coordinate with the government and other stakeholders in carrying out the technical assistance (TA) tasks;
- (ii) provide an inception report within 2 months of the start of the assignment outlining the activities to be carried out and the timeframes;
- (iii) coordinate, supervise, monitor, and manage all international and national consultants, providing time and quality control of outputs;
- (iv) provide regular reporting of the progress to the government and the Asian Development Bank (ADB) on quarterly and annual bases;¹
- (v) coordinate with the team for delivery of outputs for (a) an improved government budgetary and monitoring process, and (b) a roadmap and actions for enhanced capital expenditure of priority sectors;
- (vi) guide the national consultants in preparing a country procurement risk reduction action plan;
- (vii) lead the process of undertaking executing agency and implementing agency capacity assessments, preparing and updating a training calendar, improving or developing training modules, and coordinating implementation of the training programs;
- (viii) identify institutes and trainers that can deliver relevant training programs, and arrange training of trainers to the institutes under the network;
- (ix) lead the review of the progress of procurement accreditation systems with the Public Procurement Monitoring Office (PPMO), and draft a proposal to set up the system in Nepal in light of experience of other countries;
- (x) lead the process of establishing the management information system (MIS) for contractors and consultants to record past and ongoing contracts, including their performance;
- (xi) coordinate the delivery of all other outputs envisaged under the TA, including development of standards and manuals for construction planning, implementation, and technical audit, project level progress monitoring systems, and proposals for establishing accreditation systems for construction supervision;
- (xii) prepare a sector and country portfolio monitoring system on the basis of the TA findings; and
- (xiii) prepare a final report on the TA, highlighting the outputs delivered and lessons learned.

2. **Infrastructure planning specialist** (4 person-months, intermittent). The infrastructure planning specialist is preferred to have 15 years of experience in addition to an engineering and/or economics degree. The specialist will

- (i) work with the national consultant and staff of the Ministry of Finance (MOF) and the National Planning Commission (NPC) to review the existing budgetary processes and tools for budget planning, execution, and monitoring. He or she

¹ An annual capacity development report will be prepared to document the improvement in the portfolio, the training programs conducted, feedback from participants, best practices, and the sector and thematic knowledge developed.

- will recommend improvements for timely budget approval, appropriation, and transfer;
- (ii) the specialist in close consultation with infrastructure departments and ministries concerned and the NPC, the specialist will guide the national consultants in assessing the planning, project preparation, execution, and asset management systems; and
- (iii) compile roadmaps and action plans for the selected infrastructure sectors to enhance public and private investments. These will stipulate recommended actions for sector investment plans; feasibility studies; institutional setup for planning, execution, and asset management; and human resource management.

3. **Contract management specialist** (4 person-months, intermittent). The contract management specialist is preferred to have an engineering degree and 15 years of international experience. The specialist will

- (i) building on existing materials prepared in CDRC in India Resident Mission, and information collected from other sources in Nepal, develop training materials for construction management and related subjects;
- (ii) identify local training institutes that can be trained to impart the relevant training, and establish training systems in Nepal (and neighboring countries if required);
- (iii) draft standard progress monitoring and troubleshooting table for managing contracts and consultant performance, to be applied to the concerned projects;
- (iv) review the existing materials (in Nepal and elsewhere) for construction programming, control and management of work progress and process, construction quality, and work completed, along with relevant technical audit systems, and draft the improved materials for possible application in infrastructure projects in Nepal;
- (v) review the existing systems (in Nepal and elsewhere) for accreditation of construction supervision experts, and draft a proposal for possible consideration in Nepal; and
- (vi) contribute to the establishing MIS for contractors and consultants.

C. National Consultants

4. **Procurement specialist** (Deputy team leader, 34 person-months, intermittent). The procurement specialist and deputy team leader is preferred to have an engineering or relevant degree and 10 years of national experience. The specialist will

- (i) support the TA team as deputy team leader and undertake necessary coordination for planning, implementing, reviewing, and reporting TA activities;
- (ii) coordinate with other consultants and ADB staff in undertaking assessments of the capacity of executing and implementing agencies, update their ratings, prepare and update training calendar, and coordinate for implementation of the training programs;
- (iii) help the team leader identify institutes and trainers that can deliver relevant training programs, and arrange training of trainers;
- (iv) develop a comprehensive action plan to reduce the procurement risks over the short and medium terms, in terms of the actions taken by the government, contractors, and consultants toward adopting higher thresholds for international competitive bidding and adopting post-review systems;
- (v) support the initial actions by the PPMO, executing and implementing agencies, and other agents to implement the procurement risk reduction action plan;

- (vi) assist the executing and implementing agencies in preparing and updating procurement plans, preparing standard and subsequent bidding documents, and undertaking the procurement process for initial and major procurement packages and those with higher risks;
- (vii) assess the executing and implementing agencies procurement capacity and performance, provide inputs to prepare and update annual training calendar, and arrange procurement training programs, as well as provide support to the procurement staff members that have weak capacity and awareness;
- (viii) build on the existing materials and prepare and improve training modules for procurement and related subjects, identify local institutes and trainers that can impart training, and provide training to them;
- (ix) review the performance of contractors and consultants pursued under the TA, and recommend improvements in the bidding documents to address the identified problems;
- (x) help organize the business opportunity seminars of ADB-assisted projects; and
- (xi) provide help desk functions for ADB's Nepal Resident Mission's procurement processing and management.

5. **Economist or budget management specialist** (6 months-months, intermittent).The economist or budget management specialistis preferred to have a degree in economics and 7 years of experience.The specialist will

- (i) in close interaction with the MOF and the NPC, the specialist willreview the existing budgetary cycle and steps and arrangements followed;
- (ii) recommend improvements for timely budget approval, appropriation, project approval, and budget transfer;
- (iii) review the existing tools for budget planning and monitoring of budget execution in Nepal and elsewhere (e.g., India) and recommend a system of web-based project implementation monitoring tools to be used by the MOF and the NPC;
- (iv) Work with infrastructure planning specialists to assess sector planning, project preparation, execution, asset management systems, doing so in close consultation with the departments and ministries concerned and the NPC. She or he will develop a roadmap for enhanced capital expenditure in key infrastructure sectors;
- (v) review and assess the current institutional position of the key sector agencies;
- (vi) Compile roadmaps and action plans for the selected infrastructure sectors to enhance public and private investments. These will recommend actions for sector investment plans; feasibility studies; institutional setups for planning, execution, and asset management; and human resource management;
- (vii) prepare a 3-year and a long-term investment plan that supports the government's plan to graduate from least-developed country status;
- (viii) prepare a roadmap and prospective investment plan based on the projected growth in the critical target areas, aiming at growth of 8%–11% of the gross domestic product;
- (ix) prepare a roadmap and strategy to develop investment projects with proper analyses of the projects' quantitative and qualitative benefits; and
- (x) identify and analyze economic uncertainties and carry out a risk analysis.

6. **Infrastructure planning specialists** (3 positions, 4 person-months each, intermittent).The specialists are preferred to have engineering and/or economics degrees, and 10 years of experience. The specialists will

- (i) assess the sector investment plan that is existing or under preparation in terms of quality and effectiveness to address the infrastructure gaps by the mid-2020s;
- (ii) assess the existing status, process, and arrangements for preparing readily investable projects in terms of quality and effectiveness;
- (iii) assess the status, process, and arrangements for executing investment projects and asset management, as well as the constraints on timely project implementation;
- (iv) assess the existing institutional setup, personnel allocation, and performance for sector planning, project preparation, project implementation, asset management, and operation support, as well as the constraints on addressing the infrastructure gaps more rapidly; and
- (v) assess appropriate measures and recommendations to enhance the capital expenditure for the assigned sector to address the infrastructure gaps by the mid-2020s.

7. **Contract management specialist** (6 person-months, intermittent). The specialist is preferred to have relevant engineering degrees and more than 10 years of experience in construction management of civil works. The specialists will:

- (i) build on existing materials to develop training materials for construction management and related subjects and help arrange the training;
- (ii) build on existing materials to draft standard progress monitoring and troubleshooting tables for managing major work and equipment supply contracts and consultant performance. The tables are to be applied to the projects concerned;
- (iii) help executing agencies and implementing agencies put the monitoring and troubleshooting system into operation;
- (iv) help the international contract management specialist to identify local training institutes that can be trained to impart the relevant training; and
- (v) help prepare the designated outputs of the trainings, including the manuals for construction programs, control and management of work progress and work quality, recording of work completed, and technical audit and accreditation system of construction supervision engineer.

8. **Social and environmental safeguards specialists** (2 positions, 4 person-months each, intermittent). The social and environmental safeguards specialists are preferred to have relevant degrees and at least 5 years of work experience. The specialists will

- (i) review the environmental management capacity of executing and implementing agencies, particularly the key infrastructure development agencies, and recommend institutional strengthening measures based on the review; and
- (ii) prepare training materials, provide inputs to training calendar, and help arrange training programs for the executing and implementing agencies.

9. **Capacity building specialists** (3 positions, 3 person-months each, intermittent). The capacity building specialists is preferred to have expertise in (i) financial management, (ii) results-based portfolio performance reporting, and (iii) gender and social inclusion. They should have degrees in the relevant fields and 10 years of experience. The specialists will

- (i) identify training programs and exchanges for government institutions on the designated subjects and prepare training materials; and
- (ii) undertake capacity assessments of the executing and implementing agencies concerned, provide input to annual training calendars, and support ADB's Nepal Resident Mission and the MOF in arranging training.

10. **Information system development specialist** (8 person-months, intermittent). The information system development specialist is preferred to have a degree in information technology or an equivalent degree. The specialist will

- (i) review the monitoring and information system for contractor management in the Ministry of Physical Infrastructure and Transport (MPIT), and budgetary process in MOF and NPC;
- (ii) design and develop a contractor management and consultant management system;
- (iii) design and develop a web-based CDRC management system;
- (iv) help procure and establish the system in the MPIT, the PPMO, the MOF, and the NPC as appropriate;
- (v) conduct training for the users; and
- (vi) prepare a manual for operation.

11. **Training coordinator** (34 person-months, full time). The training coordinator is preferred to have a bachelor's or equivalent degree in a management-related field and 5 years of experience in managing training events. The coordinator will

- (i) design the overall structure of the training in close coordination with ADB and relevant agencies;
- (ii) prepare training schedule in consultations with the relevant stakeholders;
- (iii) coordinate with the government agencies, such as the MPIT, the PPMO, the MOF, and the NPC when appropriate;
- (iv) provide overall supervision of the training sessions;
- (v) summarize key areas of discussion at the end of each training session;
- (vi) ensure the overall quality of the training;
- (vii) manage overall logistics of the training, including the sending out of invitations to participants and management of the training venue management; and
- (viii) manage all payments related to the training that will be charged to ADB, ensuring sufficient documentation for these payments as required by ADB.

D. Deliverables

12. The consultants will deliver the following:

- (i) an action plan for improved project monitoring and budgetary process, along with web-based project portfolio status and a performance monitoring tool;
- (ii) a road map and action plan to enhance capital expenditure with projects with high readiness;
- (iii) a country procurement risk-reduction action plan for procurement, contract management, and financial management;
- (iv) an executing agency and implementing agency capacity rating system and training calendars to be implemented through network of training institutions;
- (v) training materials for the specified subjects for the CDRC;
- (vi) improved standards and manuals for construction programming, control and management of work progress and work quality, and recording completed works, and technical audit;
- (vii) project level construction and consultant contract monitoring and troubleshooting systems for work progress and performance;
- (viii) proposals for establishing accreditation systems for procurement and construction supervision; and
- (ix) an MIS for contractor and consultant contracts, status, and performance, managed by the MPIT.