

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. Project preparatory technical assistance (PPTA) is required in order to produce a mutually agreeable multitranche financing facility (MFF) and tranche projects suitable for ADB financing. The PPTA will (i) develop an MFF and tranche projects bankable by ADB loan; (ii) conduct due diligence for technical, economic, financial, social, and environmental viability of the 1st tranche project and prepare required due diligence documents.

B. Major Outputs and Activities

2. The PPTA will design an MFF to assist the government in improving the railway corridor from Lahore to Peshawar. The PPTA will also conduct a feasibility assessment for the 1st tranche project including preliminary engineering designs; cost estimating; technical, financial, economic, and socioeconomic analysis; environmental analysis; social impact assessment; a study for initial benchmark performance indicators; and preparation of project evaluation and monitoring framework. The major outputs and activities are summarized in Table A3.1.

Table A3.1: Summary of Major Outputs and Activities

	Major Activities	Expected Completion Date	Major Outputs
	Consultant mobilization	Month 1	Work program; Inception report
Task 1	Railway sector assessment and MFF packaging	Months 1 to 2	<ul style="list-style-type: none"> • Railway sector assessment report • Sector roadmap and undertakings • Sector policy framework • MFF investment program (physical and nonphysical)
Task 2	Technical feasibility assessment, cost estimation, engineering design, and procurement packaging	Months 1 to 6	<ul style="list-style-type: none"> • Cost estimates • Preliminary engineering design update • Project procurement risk assessment and management plan • Procurement plan • Draft master bid documents including the request for proposal for detailed design consultancy • Final project administration manual and design and monitoring framework • Final feasibility study report
Task 3	Environment and social safeguards survey and analysis, validation of indigenous people	Months 3 to 6	<ul style="list-style-type: none"> • EARF and LARF • Final IEE/EIA report • Final draft LARP report • Final IP report
Task 4	Social, poverty and gender	Months 3 to 6	Final poverty and social report
Task 5	Financial analysis and management assessment	Months 3 to 6	<ul style="list-style-type: none"> • Financial management assessment report, risk assessment and risk management plan (financial and governance) • Report on PR's operational and financial performance and PR's projected financial statement up to 2021. • Report on the soft component for supporting PR's accounting system reforms. • Report on the financial analysis and sustainability
Task 6	Economic assessment	Months 3 to 6	Economic analysis report

EARF = environmental assessment and review framework; EIA = environmental impact assessment; IEE = initial environmental examination; IP = indigenous peoples; LARF = land acquisition and resettlement framework; LARP = land acquisition and resettlement plan; TOR = terms of reference.

Source: Asian Development Bank.

C. Cost Estimate and Proposed Financing Arrangement

3. The TA is estimated to cost \$1,000,000 equivalent and will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-V). The Government will make in-kind contributions of counterpart staff, office space, office equipment (work stations and printer), communications (local call and internet connection), and office supplies. The detailed cost estimate is presented in Table A3.2.

Table A3.2: Cost Estimates and Financing Plan
(\$'000)

Item	Total Cost
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (27 person-months)	663.0
ii. National consultants (29 person-months)	184.0
b. International and local travel	30.0
c. Reports and communications	5.0
2. Vehicle rental ^b	15.0
3. Surveys ^c	30.0
4. Miscellaneous administration and support costs	5.0
5. Contingencies	68.0
Total	1,000.0

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-V). The government counterpart contribution is 16.7% of the total TA cost.

^b Vehicle rental.

For consultant team's site visits for conducting surveys and stakeholders consultation	Expected length of use
2 vehicles	12 vehicle-months

^c Surveys cover traffic, engineering, social, environmental, and other field surveys, as necessary.

Source: Asian Development Bank estimates.

D. Consulting Services

4. For the PPTA, a consulting firm will be recruited using the quality-and cost-based selection procedure, with a full technical proposal and a 90:10 proportion of quality to cost. 90:10 is required due to the technical knowledge required in preparing an MFF. The services will be implemented over about 6 calendar months and will require about 27 international person-months and 29 national person-months. ADB will select and engage the consulting firm in accordance with ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time). Table A3.3 shows the summary of consulting services requirements; see Supplementary Appendix 1 for the detailed terms of reference.

Table A3.3: Summary of Consulting Services Requirement

International	National
Expertise	
Railway Sector Strategy Specialist/Team Leader*	Railway Engineer/Deputy Team Leader*
Railway Engineer*	Railway Signaling and Communication Specialist
Railway Signaling and Communication Specialist	Transport Economist
Transport Economist*	Financial Specialist
Financial Specialist*	Environmental Specialist
Environmental Specialist	Resettlement Specialist
Resettlement Specialist	Social Development Specialist
Social Development and Gender Specialist	Procurement Specialist
Procurement Specialist*	

* Key experts.

Source: Asian Development Bank estimates.

E. Implementation Arrangements

5. MOR will be the TA executing agency (EA) and PR will be the TA implementing agency (IA). The PIU already established in PR to implement the entire ML-1 program and headed by Project Director will be responsible for day-to-day TA implementation activities. A Steering Committee will be established to provide overall guidance for PIU about implementation of TA. It will consist of CEO/Sr. General Manager as chair, Project Director of the PIU, General Manager (Maintenance and Services), Additional General Manager (Infrastructure), Additional General Manager (Traffic), Additional General Manager (Mechanical), Financial Advisor/Chief Account Officer, the representative from the Project Management Cell established in MOR for overall coordination of entire ML-1 and Chief Engineer as secretariat and meet monthly or on a need basis. The PIU will submit the monthly TA progress report to the Steering Committee and seek its guidance on any TA implementation issue as necessary.

6. TA funds will be disbursed in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). The tentative TA processing and implementation schedule is listed in Table A3.4.

Table A3.4: Technical Assistance Processing and Implementation Schedule

Milestones	Expected Completion Date
Approval of concept paper	July 2016
Consultant selection	November 2016
Mobilization of consultant	December 2016
TA inception review	December 2016
TA final review cum loan fact-finding	May 2017
TA financial closure	November 2017

Source: Staff estimates.