

PILOT TESTING OF PROJECT APPROACH

1. In close collaboration with operations departments and sector and thematic groups, the TA will develop at least one small scale feasibility study for an infrastructure pilot project with the objective to evaluate feasibility, time, cost, adverse events, and improve upon the study design prior to performance of a full-scale project.
2. At least one pilot project will be implemented. It will be linked to ongoing projects or to pipeline projects and will be carried out in close collaboration with operations departments. The selection criteria to identify target DMCs that will participate in the pilot projects will be developed during TA implementation and confirmed over the course of due diligence. Due diligence will be conducted on pilot project as required by ADB.¹
3. The objectives of pilot projects will include:
 - (i) manage risk: whether the project is implementing a new technology or a new process, risk plays a major factor in whether business stakeholders will move forward with the proposed change. The pilot project can be used as an opportunity to implement the solution in a limited capacity where the impact of failure is limited. Once the pilot project is executed, the risks that were identified at the beginning of the project can be evaluated in terms of the actual solution being implemented.
 - (ii) validate benefits: while risk falls on the cost side of the equation, a project would not be considered unless it had some reasonable perceived benefit. A pilot project provides an opportunity to discover or validate benefits by applying the solution concepts in a limited-scope fashion.
 - (iii) promote change management: the biggest hindrance to change in any organization is the people within it.
4. A pilot project undertaken under the proposed TA should be replicable, scalable, have a development impact and be sustainable.
5. Outputs will include (i) cross-sector support, innovative financing and integration of technology solutions; (ii) identify and implement an investment opportunity for a pilot project that supports an infrastructure project in at least one DMC; and (iii) support capacity building of governments and public investment management institutions to prepare and execute infrastructure projects that comply with international best practices and that integrate new technologies for sustainable infrastructure.
6. Activities should not result in any potential adverse and/or social impacts.
7. Costs for procurement of goods to support the implementation of a pilot project is estimated at \$250,000. ADB shall make a financial contribution on a grant basis of up to an estimated amount of \$250,000 to a participating institution (to be identified) to engage a solutions provider (to be identified).
8. The direct beneficiary of the pilot project will be a partnering financial institution who shall select and appoint a solutions provider. The solutions provider will be recruited by the partnering financial institutions in accordance with ADB's Guidelines on the Use of Consultants by the ADB and its borrowers.

¹ ADB. 2013. Staff Instruction on Due Diligence and Reporting Requirements for Technical Assistance.

9. It is expected that the partnering financial institution will bear some of the cost for pilot projects, including for example licensing fees and costs for maintenance and provide in-kind contributions in the form of staff time, monitoring and reporting of progress and implementation of the pilot project to ADB, as well as in country transport coordination.
10. ADB shall make milestone-based contributions to the partnering financial institution.