



Technical Assistance Report

Project Number: 53225-001
Transaction Technical Assistance Facility (F-TRTA)
July 2019

India: Strengthening Capacity to Design and Implement Transport Infrastructure Projects

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 1 July 2019)

Currency Unit	–	India rupee/s (₹)
₹1.00	=	\$0.01450
\$1.00	=	₹68.9563

ABBREVIATIONS

ADB	–	Asian Development Bank
COBP	–	country operations business plan
DEA	–	Department of Economic Affairs
TA	–	technical assistance
TASF	–	Technical Assistance Special Fund

NOTE{S}

- (i) The fiscal year (FY) of the Government of India and its agencies ends on 31 March. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2019 ends on 31 March 2019.
- (ii) In this report, “\$” refers to United States dollars.

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 53225-001	
Project Name	Strengthening Capacity to Design and Implement Transport Infrastructure Projects	Department/Division	SARD/SATC
Nature of Activity	Project Preparation	Executing Agency	Department of Economic Affairs
Modality	Facility		
Country	India		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Transport	Urban roads and traffic management		2.50
		Total	2.50
3. Strategic Agenda	Subcomponents	Climate Change Information¹	
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	Some gender elements (SGE)	✓
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Rural	Medium
Household Targeting	No	Urban	High
General Intervention on Poverty	Yes		
SDG Targeting	Yes		
SDG Goals	SDG11		
6. Risk Categorization	Complex		
7. Safeguard Categorization	Safeguard Policy Statement does not apply		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		2.50	
Transaction technical assistance: Technical Assistance Special Fund		2.50	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		2.50	
Currency of ADB Financing: USD			

¹ The project reduces greenhouse gas emissions. However, it does not fall under the eligibility criteria for climate mitigation finance as defined by the joint multilateral development bank methodology on tracking climate finance, which notes that not all activities that reduce greenhouse gases in the short term are eligible to be counted towards climate mitigation finance. Accordingly, greenfield fossil fuel projects are excluded, and climate mitigation finance is considered zero.

I. THE TECHNICAL ASSISTANCE FACILITY

A. Justification

1. India grew at an average rate of more than 7% since fiscal year (FY) 2012, which placed it among the world's fastest growing large economies, and resulted in the rise of India's share in global gross domestic product from 2.4% in 2013 to 3.0% in 2016.¹ However, challenges remain, such as resolving infrastructure bottlenecks particularly for emerging urban growth centers as an engine of economic growth and center of commercial activities, and closing the widening gap between advanced and lagging regions where most of the poor are concentrated.

2. The government's Strategy for New India @ 75 on surface transport aims to increase connectivity and internal and external trade by expanding the road network through completing 24,800 kilometers (km) by 2021–2022 including 2,000 km of coastal and port connectivity roads and doubling the length of national highways to 200,000 km by 2022–2023 from the existing 122,000 km.² Furthermore, to ease congestion in major urban areas, the strategy also aims to put a metro network in place in all major urban areas under local governments.

3. The Asian Development Bank (ADB) provides support to India in developing the transport sector as a core infrastructure operation for inclusive economic growth. ADB interventions are focused in lagging states with weak capacity in order to support the government's efforts to narrow interstate and regional disparities, and have also increasingly shifted towards metro projects which are efficient in moving large numbers of people thus decongesting densely populated cities. Smaller and comparatively weaker states have lesser financial and technical capacity to prepare and implement projects. Many ongoing ADB-financed transport projects in India experience delays that are mostly attributable to (i) project selection based on unclear parameters and deficiency of capacity for carrying out financial sustainability and economic analyses; (ii) limited environmental and social safeguard considerations in selecting and preparing projects; and (iii) the gap between the feasibility and construction phases in terms of project readiness, including procurement.

4. Generally, in ADB-financed transport projects, the executing or implementing agencies prepare detailed project reports that are the basis for project appraisal, advance actions, and approval. The executing and/or implementing agencies and its consultants have adequate capacity for preparing designs, drawings, specifications, and costing. In many cases, however, the detailed project reports are deficient in various aspects—financial and/or economic analysis, social and environmental safeguards, and procurement. The varying deficiencies often lead to delay in project approval, low readiness, and deferred benefits to the targeted project users. During implementation, the ability to monitor results is also often found to be weak.

5. Enhancing and supplementing skills and competencies of executing and/or implementing agencies is needed to improve project preparation, implementation, and overall portfolio performance. The proposed technical assistance (TA) facility will support government agencies to build upon the strengths gained from earlier TA resources to design, prepare and implement specific transport infrastructure projects. The TA supports ADB's Strategy 2030, by (i) addressing

¹ ADB. 2017. *Country Partnership Strategy: India, 2018–2022—Accelerating Inclusive Economic Transformation*. Manila.

² Government of India, National Institution for Transforming India Aayog. 2018. *Strategy for New India @75*. New Delhi.

remaining poverty and reducing inequality by providing connectivity and access to quality jobs, education, training, health and social services; (ii) tackling climate change, building climate resilience and enhancing environmental sustainability; and (iii) strengthening governance and institutional capacity by assessment of economic viability and financial sustainability of projects.³ The TA facility is listed in the country operations business plan for India, 2019–2021, with the title Preparing Transport Sector Projects.⁴

6. The TA facility will support project preparation and increase project readiness of pipeline projects including those identified in the country operations business plan. Initially, the TA facility will support:

- (i) Assam Road Network Improvement Project;
- (ii) Bengaluru Metro Rail Project;
- (iii) Bihar State Highways IV Project;
- (iv) Chennai Metro Rail Project;
- (v) Indore Metro Rail Project;
- (vi) Maharashtra State Roads Improvement Project;
- (vii) Second Uttarakhand State Highways Project;
- (viii) South Asia Subregional Economic Cooperation (SASEC) Highways Project, Phase II; and
- (ix) SASEC Road Connectivity Program (Tranche 3).

7. These projects, being in the transport sector, have similar due diligence requirements. The TA facility approach is suitable as it will (i) enhance project preparation efficiency and improve readiness for projects that have limited processing resources; (ii) reap important synergies from working with the same team of consultants; and (iii) strengthen coordination. Overall, this TA facility will reduce transaction costs through minimizing the resources for stand-alone transaction TAs.

8. The TA facility will also support ongoing projects as required and agreed with the respective project's implementing agency. There are instances during project implementation where unanticipated scope and impacts are realized, hence, resources for additional assessment and mitigation are deemed necessary. Ongoing projects that suffer from weak project implementation capacity require similar technical support to ensure project sustainability and improve transfer of capacity through specific training and skills building activities. Ongoing projects that will be supported under the TA will be identified in consultation with the specific project's implementing agency. Initially, the TA facility will support:

- (i) Chhattisgarh Road Connectivity Project;
- (ii) Karnataka State Highways Improvement III Project;
- (iii) Promoting Public–Private Partnership in Madhya Pradesh Road Sector Project (after approval); and
- (iv) SASEC Road Connectivity Program (Tranche 2).

B. Outputs and Activities

9. **Output 1: Procurement, financial and economic assessments completed.** Technical expertise to support the assessment of procurement risk, financial management, financial analysis, and economic will be provided to prepare selected investment projects for potential ADB

³ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient and Sustainable Asia and the Pacific*. Manila.

⁴ ADB. 2018. *Country Operation Business Plan: India, 2019–2021*. Manila. Given the scale of transport sector investments in India, it is proposed to increase the TA financing amount to \$2.5 million from \$2 million.

financing. Activities will include support for (i) procurement risk assessment, procurement framework and contract administration, (ii) financial management assessment, (iii) financial sustainability evaluation and financial analysis, and (iv) economic analysis.

10. **Output 2: Preparation of documents for safeguards, climate change and gender supported.** Technical expertise for environment, involuntary resettlement, indigenous peoples and other social dimensions will be provided to support preparation of selected investment projects for potential ADB financing. Activities will include support for preparing (i) safeguards documents on environmental, involuntary resettlement and indigenous peoples; (ii) climate risk assessment and applicable management actions (i.e., climate adaption and/or mitigation); and (iii) gender, poverty and socioeconomic data gathering and gender action planning. In addition, necessary due diligence will be undertaken to identify enhancement measures for strengthening public consultations, information disclosure, grievance redress, and effective institutional arrangement.

11. **Output 3: Capacity of implementing agencies for safeguards implementation and monitoring improved.** On a case by case basis, technical expertise and capacity building will be provided to selected implementing agencies with ongoing or ensuing projects to enhance overall implementation and sustainability of transport investments. Support will be provided through consultants with focus on enhancing quality of safeguard implementation and monitoring, including support for additional surveys and/or studies, seminars, workshops and on-the-job training activities that will benefit implementing agency staff across multiple projects.

12. **Output 4: Capacity of implementing agencies strengthened for preparation and implementation of projects with finance-plus, high technology and innovative features.** On a case by case basis, technical expertise and capacity building will be provided to selected implementing agencies with ongoing or ensuing projects to enhance finance-plus elements such as road safety, asset management, operations institutions (for metros), transit-oriented development, land-value capture, public-private partnership, high-technology, and other innovative features of project design, implementation, and sustainability. Support will be provided through consultants by supporting additional surveys/studies, seminars, and workshops.

C. Cost and Financing

13. The TA facility is estimated to cost \$2,750,000, of which \$2,500,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-Others). The value of the government contribution is estimated to account for 10% (approximately \$250,000) of the TA facility cost, in the form of assigning counterpart staff, providing office accommodation, workshops and training facilities, and other in-kind contributions. The key expenditure items are listed in Appendix 1. The TA facility scope is expected to be expanded to cover other additional activities, consistent with the TA's outputs and outcome, and financial resources be replenished from time to time as funds are required and identified.

14. The government agencies responsible for each project will provide counterpart support in the form of counterpart staff (including their remuneration, per diem and transport); office accommodation; meeting, workshop and training facilities; project-related information; and other in-kind contributions. The government was informed that approval of the TA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

15. The Department of Economic Affairs (DEA), Ministry of Finance, Government of India, will be the executing agency of the TA facility. The government department or agency responsible for each project will be the implementing agency for the TA, subject to the approvals of DEA and ADB. After the initial approval of DEA, ADB will work directly with the state line agencies of the projects for all routine activities connected with the TA, such as but not limited to finalization of terms of reference, recruitment of consultants specific to the projects and preparation of reports. ADB will administer the TA. The South Asia Transport and Communications Division will select and supervise the consultants and will closely coordinate with the executing and implementing agencies.

16. The TA facility will be implemented over 3 years, from July 2019 to June 2022. Disbursements under the TA facility will be in accordance with ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time).

17. The implementation arrangements are summarized in Table 1.

Table 1: Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	July 2019–June 2022		
Executing agency	Department of Economic Affairs, Ministry of Finance		
Implementing agencies	Implementing agencies are the agencies that are preparing or implementing transport projects. For practical purposes, the technical assistance (TA) will be managed by Asian Development Bank (ADB) in close coordination with the implementing agencies.		
Consultants	To be selected and engaged by implementing agency and ADB		
	Individual consultant selection (international)	(56.5 person-months)	\$ 1,050,000
	Individual consultant selection (national)	(71.5 person-months)	\$ 350,000
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	None		

Source: Asian Development Bank.

18. **Consulting services.** The TA facility will provide an initial 128.0 person-months of consulting services (56.5 person-months international and 71.5 person-months national) in the fields of procurement, financial management, financial analysis, economic analysis, road safety, metro, bridge, environmental safeguards, climate change assessment, social development (involuntary resettlement, indigenous peoples, gender and poverty assessment), specialized support for innovation and high-technology, and quality assurance.⁵ It is expected that the consultants will be recruited using individual consultant selection method and deployed based on the requirements of each project being prepared or implemented. ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions. Individual consultant selection is appropriate in this instance because the TA facility involves multiple activities that are not necessarily interdependent and will require a varied range of expertise and services.

⁵ TA facility savings may be utilized for additional consultant inputs, as may be necessary.

E. Governance

19. Since ADB will administer the TA facility, the financial management, procurement capacity and integrity risks during TA facility implementation are assessed to be low. However, thorough risk assessments for procurement, financial management, and integrity for ensuing investment projects will be conducted under the TA facility.

II. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$2,500,000 on a grant basis to India for Strengthening Capacity to Design and Implement Transport Infrastructure Projects and hereby reports this action to the Board.

COST ESTIMATES AND FINANCING PLAN

(\$'000)

Item	Amount
A. Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	1,050.0
ii. National consultants	350.0
b. Out-of-pocket expenditures	
i. International and local travel	75.0
ii. Report and communications	3.0
iii. Miscellaneous administration and support costs	2.0
2. Surveys ^b	600.0
3. Training, seminars, and conferences	220.0
4. Contingencies	200.0
Total	2,500.0

Note: The technical assistance (TA) is estimated to cost \$2,750,000, of which \$2,500,000 contributions from the Asian Development Bank (ADB) are presented in the table above. Implementing agencies of each project will be asked to provide counterpart support in the form of assigning counterpart staff, providing office accommodation, workshops and training facilities, and other in-kind contributions. The value of the government contribution is estimated to account for 10% of the TA facility cost.

^a Financed by the ADB's Technical Assistance Special Fund (TASF-Others).

^b Environmental and social surveys essential to the preparation of safeguards reports, plans, frameworks, and poverty and social assessments.

Source: Asian Development Bank estimates.

PROJECTS UNDER TECHNICAL ASSISTANCE FACILITY

Table A2.1: Indicative Consultants' Input Allocation
(person-month)

Item		(person-months)															
		Planned Projects										Ongoing Projects					
Indicative risk category	Total	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
		Complex										Complex					
A. International	56.50																
Bridge specialist	3.00						1.00	1.00					1.00				
Climate risk specialist	7.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75						
Economic analysis specialist	10.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00						
Financial analysis specialist	3.00	1.00	1.00				1.00										
Financial management specialist	10.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00						
Metro/rail specialist	3.00	1.00	1.00				1.00										
Procurement specialist	7.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75						
Road safety expert	2.50				0.50				0.50	0.50	0.50						
Other specialists (as needed) ^a	10.00																
B. National	71.50																
Environmental safeguard specialist	25.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	
Gender specialist	10.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00						
Social development specialist	27.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.50	1.50	1.50	1.50	1.50	
Other specialists (as needed)	9.00																
Total	128.00	10.50	10.50	9.00	10.50	9.00	9.50	9.50	9.00	9.00	10.00	2.50	2.50	2.50	2.50	2.50	

^a Specialists in the field of high-level technology and innovation.Planned

- A Assam Road Network Improvement Project;
 B Bengaluru Metro Rail Project;
 C Bihar State Highways IV Project;

Ongoing

- K Chhattisgarh Road Connectivity Project;
 L Karnataka State Highways Improvement III Project;

D	Chennai Metro Rail Project;	M	Promoting Public–Private Partnership in Madhya Pradesh Road Sector
E	Indore Metro Rail Project;		Project (after approval);
F	Maharashtra State Roads Improvement Project;	N	SASEC Road Connectivity Program (Tranche 2); and
G	Second Uttarakhand State Highways Project;	O	other projects, as discussed with executing and implementing agencies.
H	South Asia Subregional Economic Cooperation (SASEC) Highways Project, Phase II;		
I	SASEC Road Connectivity Program (Tranche 3); and		
J	other projects, as proposed for approval.		

Source: Asian Development Bank.

Table A2.1: Indicative Technical Assistance Budget Allocation (excluding consultants)
(\$'000)

Item	Planned Projects										Ongoing Projects					
	Total	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
Indicative risk category							Complex							Complex		
Training, seminars & conferences	220	20	20		20	20	20				20	20	20	20	20	20
Surveys	600	50	50	50	50	50	50	50	50	50	50	20	20	20	20	20
Total	820	70	70	50	70	70	70	50	50	50	70	40	40	40	40	40

Note: Indicative Projects under Technical Assistance Facility.

Planned

- A Assam Road Network Improvement Project;
- B Bengaluru Metro Rail Project;
- C Bihar State Highways IV Project;
- D Chennai Metro Rail Project;
- E Indore Metro Rail Project;
- F Maharashtra State Roads Improvement Project;
- G Second Uttarakhand State Highways Project;
- H South Asia Subregional Economic Cooperation (SASEC) Highways Project, Phase II;
- I SASEC Road Connectivity Program (Tranche 3); and
- J other projects, as proposed for approval.

Source: Asian Development Bank.

Ongoing

- K Chhattisgarh Road Connectivity Project;
- L Karnataka State Highways Improvement III Project;
- M Promoting Public–Private Partnership in Madhya Pradesh Road Sector Project (after approval);
- N SASEC Road Connectivity Program (Tranche 2); and
- O other projects, as discussed with executing and implementing agencies.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=53225-001-TARreport>

1. Terms of Reference for Consultants