



# India: Supporting Institutional Knowledge Development and Capacity Building for Planning of Innovative and Sustainable Projects and Programs

Project Name	Supporting Institutional Knowledge Development and Capacity Building for Planning of Innovative and Sustainable Projects and Programs
Project Number	55311-001
Country / Economy	India
Project Status	Approved
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	TA 6910-IND: Supporting Institutional Knowledge Development and Capacity Building for Planning of Innovative and Sustainable Projects and Programs Technical Assistance Special Fund US\$ 1.84 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Knowledge solutions Private sector development
Sector / Subsector	Energy / Energy utility services Finance / Finance sector development Health / Health system development Transport / Transport policies and institutional development Water and other urban infrastructure and services / Urban policy, institutional and capacity development
Gender Equity and Mainstreaming	Some gender elements
Description	The knowledge and support technical assistance (TA) for Supporting Institutional Knowledge Development and Capacity Building for Planning of Innovative and Sustainable Projects and Programs responds to India's need for knowledge solutions by helping deepen institutional insight and capacity in related partner agencies, including central ministries and state government departments. The TA aims to enhance upstream knowledge support for strategic studies of developmental agendas, and the conceptualization and planning of innovative and sustainable initiatives, projects, and programs in a fiscally prudent manner that also incorporates climate and disaster-resilient elements. The TA intends to provide knowledge services to meet the operational and thematic priorities of the country partnership strategy, 2018 2022 of the Asian Development Bank (ADB) and India. In line with the emphasis of ADB's Strategy 2030 on strengthening ADB's role as provider of operationally relevant knowledge products, the TA will enable ADB to proactively engage with India in the search for holistic solutions to the country's increasingly complex development challenges. It will do so by providing quality policy and strategic advice while helping strengthen India's institutional knowledge and capacity for managing those issues across multiple sectors.

Project Rationale and Linkage to Country/Regional Strategy

India had witnessed a robust economic performance before the outbreak of coronavirus disease (COVID-19), averaging annual growth of about 7% during 2004-2018. Despite being set back by the COVID-19 pandemic, the country is expected to pursue a fast, green, sustainable, and inclusive economic recovery, and return to its path of rapid structural transformation. However, it needs to overcome several long-term and new development challenges:

**Inadequate formal job creation.** India had hoped to capitalize on its demographic dividend in that a high share of young people in the overall workforce would lead to more economic growth. But even before COVID-19, unemployment was high. India needs to create jobs in manufacturing, especially in formal manufacturing where jobs are relatively better paid. A competitive environment with quality infrastructure is vital in developing high value-added services and manufacturing that link to global value chains and absorb labor.

**Large infrastructure deficit.** India's infrastructure deficit is one of its most critical constraints to making growth more inclusive despite its already significant investments in infrastructure. ADB estimated that the country would need to spend another \$230 billion per year. Infrastructure plays a crucial role in supporting supply chains and digital transformation. As demand for it grows and becomes more complex, India's capacities and resources to strategically plan, design, implement, and sustain infrastructure will require substantial augmentation, including mobilization of private capital and innovative financing instruments.

**Insufficient private sector participation.** The pandemic has strained the fiscal capacity of the central and state governments. This increases the need for the private sector to step in and play its part in narrowing the huge infrastructure deficit. Well-structured public private partnerships (PPPs) could deliver infrastructure projects in a fast and efficient manner in India, but the decreasing trend in PPP projects is a great concern.

**Rapid urbanization.** The share of India's urban population in its total population has doubled from 18% in 1960 to 35% in 2020. The speed and scale of urbanization put considerable pressure on the delivery of basic services and infrastructure, including affordable housing, water supply, sanitation, health, and transport, all of which affect livability. Environmental degradation caused by unbridled urbanization seriously undermines air and water quality, which in turn challenges the provision of public goods and governance in terms of integrated and simultaneous management of industrialization and urbanization while ensuring efficient economic agglomeration.

**Threat to climate resilience.** Environmental challenges such as declining air quality and falling groundwater levels, as well as the difficulties of sustainably managing natural resources are compounded by the increasing impact of climate change. An ADB study predicts that this impact may lead to a loss of 1.8% of India's annual gross domestic product by 2050. The temperature in the country is projected to increase progressively, resulting in more extreme weather events. Apart from climate change mitigation efforts, India needs more risk-informed and effective development planning that integrates climate adaptation and disaster risk reduction, especially in cyclone-prone coastal areas, flood- and drought-prone river basins, hilly areas, and vast drylands.

**Human capital constraints.** India's growth trajectory is critically linked to investments in education, skills development, health care, and social protection, since these translate into higher productivity and competitiveness. While the country has made good progress in making basic education and health services broadly available, their quality needs to be further improved. The COVID-19 pandemic and the migrant labor crisis highlighted the disparity in human capital development.

**Development gaps.** The variation in per capita incomes and social development indicators among India's regions remains large and persistent. Aside from equity concerns, geographic disparities may be counterproductive for economic efficiency because the lack of opportunities for some people will leave their potential untapped and constrain overall growth. This calls for strategic investments and capacity building to better manage the issues faced by lower-income states, while investing in transformative projects in higher-income states which could then be replicated in lagging areas.

**Improved capacity.** Many government institutions, particularly at lower levels, have inadequate capacity, which limits their ability to formulate policy and to conceptualize and implement projects and programs. These governance and capacity issues reduce the development impact of investments and must be resolved.

**Need for knowledge solutions.** While the Government of India sustained its efforts to improve the situation, the development challenges are becoming increasingly complex, calling for upstream knowledge work to tackle these intertwined issues in a holistic manner. Country-focused, relevant, demand-driven, and timely knowledge solutions are critical to the removal of these development constraints. The success of ADB's assistance hinges on knowledge support e.g., policy analysis, concept development, project implementation, capacity building, and lessons from other countries experiences that is formulated with and provided by local stakeholders, civil society, think tanks, and other development partners.

ADB's upstream support to infrastructure and investment planning in India not least to the development of economic and industrial corridors, and an integrated logistics ecosystem, ultimately led to operationally relevant downstream projects and programs that tackle the challenge of ensuring inclusive and holistic growth. As India embarks on the journey to becoming a \$5 trillion economy, it is critically important to scale up this support and help promote inclusive and integrated development across states and sectors, and innovative and sustainable projects and programs. Such early knowledge-based support will embed finance-plus elements at the project conceptualization stage.

**Strategic approach to knowledge provision.** Inclusive and integrated development support from ADB will require a strategic approach. To meet state-level challenges, for example, stronger engagement with state and local government agencies through upstream support is pivotal in shaping inclusive development across the region. Climate-proofing projects and programs require strong expertise in developing inbuilt and long-lasting climate adaptation and mitigation features. Inadequate knowledge and experience often lead to the adoption of designs and execution methods that may not be effective in meeting the growing threats posed by climate change and disasters, which in turn leads to financial and economic losses.

**Equitable infrastructure growth driven by private sector investments is instrumental in pursuing sustainable economic growth.** Upstream work to determine the best possible mix of public and private investment components in different sectors including untapped areas such as health, education, and waste management can significantly maximize the value for money for all stakeholders. As such, supporting knowledge work to inform the development of PPP frameworks for sectors and states, along with institutional capacity building, can effectively supplement the government's efforts to achieve a quick and sustainable economic recovery. Stronger institutional capacity is key to creating robust pipelines of novel PPP projects.

This TA will therefore support upstream knowledge solutions that underpin the formulation of projects with high development impact, as well as capacity-building activities that foster forward-looking, gender-inclusive, innovative, and operationally relevant projects. Apart from the knowledge work associated with a strategic engagement with states, the TA will also help deepen the knowledge and capacity to promote private sector investments and PPPs that can narrow India's infrastructure deficit across sectors and states.

Impact	Inclusive and integrated development supported.
<b>Project Outcome</b>	
Description of Outcome	Knowledge driven, innovative, sustainable and resilient projects and programs with increased private sector participation prepared.
<b>Progress Toward Outcome</b>	
<b>Implementation Progress</b>	
Description of Project Outputs	Upstream knowledge solutions for supporting inclusive and integrated development developed Capacity on developing innovative, sustainable and disaster resilient projects and programs with increased private sector participation strengthened. Knowledge sharing, and production and dissemination of knowledge products supported.
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	Nation-wide
<b>Summary of Environmental and Social Aspects</b>	
Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	
During Project Design	

During Project Implementation

Business Opportunities	
Consulting Services	Consulting firm and Individual consultants will be recruited using quality-and cost-based selection with a 90:10 quality cost ratio, and a full-technical proposal. ADB will engage the consultants and carry out procurement following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instruction.
Procurement	NA
Responsible ADB Officer	Challa, Keerthi Kumar
Responsible ADB Department	South Asia Department
Responsible ADB Division	India Resident Mission
Executing Agencies	Department of Economic Affairs Ministry of Finance Room No. 40-B North Block New Delhi-110001, India
Timetable	
Concept Clearance	22 Nov 2021
Fact Finding	22 Dec 2021 to 22 Dec 2021
MRM	-
Approval	22 Mar 2022
Last Review Mission	-
Last PDS Update	22 Mar 2022

## TA 6910-IND

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,840,000.00	0.00	0.00	0.00	0.00	0.00	1,840,000.00	-	0.00

Project Page	<a href="https://www.adb.org/projects/55311-001/main">https://www.adb.org/projects/55311-001/main</a>
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