

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. The Government of Maldives has requested the Asian Development Bank (ADB) to undertake project preparatory technical assistance (PPTA), to conduct due diligence for the development of a new passenger harbor and related ancillary facilities in Kulhudhuffushi. This harbor expansion project will bring about inclusive socio-economic benefits to the inhabitants in the Northern region.

B. Major Outputs and Activities

2. The major outputs are described below and the activities are summarized in Table A3.1.
- (i) **Technical feasibility.** The project design including identification of key civil works components; incorporation of climate change adaptation measures; incorporation of viable engineering options optimized for economy and construction efficiency in accordance with international best practice and applicable standards, and wherever possible using proven technology with standard materials compatible with local condition. The project design will (i) take into account any recommendation from the environmental assessment; (ii) consider future demand, competition with other harbors/ports with scenario testing. The design for this project may include construction of breakwaters, quaywalls, revetments, retaining wall, jetty, and other engineering parameters for the new ferry terminal. The PPTA will produce preliminary cost estimates of the project.
 - (ii) **Economic and financial.** The economic analysis will be done for the development of the passenger harbor. The assessment includes review of macroeconomic context, review of sector context, demand analysis, review of economic rationale, identification of project alternatives, identification and comparison of costs and benefits, assessment of project sustainability, distribution of project effects, sensitivity and risk analysis, and identification of indicators for project performance monitoring system. The analysis will include estimation of proposed harbor user charges and development of cost recovery mechanism for sustainable operation and to minimize subsidy. As the proposed project expects to generate revenue, the financial analysis will also be carried out by calculating the financial internal rate of return (FIRR).
 - (iii) **Procurement.** The PPTA will review the procurement process from similar past projects in Maldives and develop and recommend appropriate design and procurement modality for implementing the project. The PPTA will support the Government in the recruitment of the project management consultant.
 - (iv) **Governance.** The business processes of existing harbor operation at Kulhudhuffushi will be reviewed, and the PPTA will propose measures to strengthen financial management, procurement, anticorruption measures, policy and legal matter, governance and institutional capacity as necessary.
 - (v) **Poverty and social impact assessment.** Undertake poverty and social assessment in accordance with ADB's Handbook on Poverty and Social Analysis (2012). Special attention will be paid to spread of communicable diseases, human

trafficking, and labor impacts. Gender assessment will be guided by ADB's *Gender Tool Kit: Transport (2013)*.

- (vi) **Safeguards.** Environment, involuntary resettlement and indigenous peoples safeguards will be assessed according to ADB's *Safeguard Policy Statement (2009)* and the prevailing Government policies. The project facilities are expected to be located on government or reclaimed land. The project is not likely to impact any distinct and vulnerable indigenous peoples and this will be further assessed and confirmed.
- (vii) **Legal and Institutional Assessment.** Assess existing capacity of relevant stakeholders including at central level, particularly the current harbor operator and develop/implement capacity strengthening program focused on harbor operation, maintenance and financial management to maintain the sustainability of the harbor operation. Such recommendations shall be implemented during the course of the subsequent CDTA.
- (viii) **Technical advisory and project management support to PIU.** The PPTA will support the implementing agency on technical, project management and procurement matters for any preparatory works. Assessment regarding implementation issues and challenges in the past projects will be done, and to recommend the appropriate mitigation actions during implementation.

3. 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	Expected Completion Date
1.	Inception	August 2015	Tripartite meeting	August 2015
1.1	Steering Committee meetings		Inception Report	
1.2	Establish TA methodology and work program		Steering committee established to meet monthly	Throughout PPTA
2.	Project Design	November 2015	Preliminary Design Report	November 2015
2.1	Environmental assessment		IEE report	September 2015
2.2	Perform surveys.			
2.3	Demand estimation.			
2.4	Conduct social analyses and prepare social assessment reports.		Social safeguard documents	November 2015
3.	Feasibility Study	December 2015	Feasibility document	December 2015
3.1	Feasibility design			
3.2	Preliminary cost estimates			
3.3	Economic and Financial Analysis			
3.4	Financial Management		Financial management report	

Major Activities		Expected Completion Date	Major Outputs	Expected Completion Date
3.5	Assessment Mid-term review meeting		Tripartite meeting	November 2015
4.	Project Management, Procurement and Technical Advisory supports to the Implementing Agency	Throughout PPTA	Draft RFP for project management consultant. Draft procurement plan.	Throughout PPTA
			Draft Final Report	November 2015
			Final Report	December 2015
			Monthly progress report	Monthly

PPTA= project preparatory technical assistance; RFP= request for proposal; IEE= initial environment examination
Source: ADB estimates.

C. Cost Estimate and Proposed Financing Arrangement

4. The PPTA is estimated to cost \$750,000, to be financed from ADB's Technical Assistance Special Fund (TASF-V) on a grant basis. The government will provide counterpart support in the form of tax and duties, bathymetric surveys, office space, domestic transportation, communications and logistic support to the PPTA team. Equipment and assets purchased under the work will adhere to ADB's *Procurement Guidelines*, March 2013 and upon completion of the project the assets will be handed over to the Implementing Agency (MHI). 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 (17 person-months)	444.3
ii. National consultants (15 person-months)	115.2
b. International and local travel	56.0
c. Reports and communications	4.0
2. Equipment (computer, printer, etc.) ^b	5.0
3. Workshops, training, seminars, and conferences	5.6
5. Surveys	40.0
6. Miscellaneous administration and support costs	10.0
7. Representative for contract negotiations	7.0
8. Contingencies	62.9
Total^c	750.0

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

^b Equipment will be turned over to the executing agency upon completion of the PPTA activities.

^c Direct payment through bank account will be used.

D. Consulting Services

5. The PPTA will be implemented over a period of 18 months, from January 2015 to June 2016. An international consulting firm and consultants will be recruited separately to perform the PPTA. An international individual consultant will be recruited as the procurement specialist. A national individual consultant will be recruited for the environmental specialist to perform the environmental impact analysis under the oversight of the appointed ADB environmental specialist. The output of this exercise will be used in the project design by the international firm.

6. In total, the PPTA will require 17 and 15 person-months of international and national consultants respectively. The PPTA team will work closely with key agencies including the Ministry of Finance and Treasury (MOFT), the Ministry of Housing and Infrastructure (MHI), the Ministry of Environment and Energy (MOEE), Transport Authority (TA) and Kulhudhuffushi Council. The recruitment of a firm will be carried out using quality cost based selection with a quality to cost ratio of 90:10 due to the project's complexity. The recruitment of individual consultants will be carried out using individual consultant selection. *The Guidelines on the Use of Consultants*, March 2013 will be followed. Table A3.3 below shows the summary of consulting services requirement.

Table A3.3: Summary of Consulting Services Requirement

Positions	Person-Months Required
International	
Harbor Specialist/Team Leader	6
Transport Economist	2
Financial Management Specialist	2
Civil Engineer (Harbor)	5
International (individual consultant)	
Procurement Specialist	2
National	
Civil Engineer/Deputy Team Leader	6
Social Development Specialist	3
National (individual consultant)	
Environmental Specialist	6

Source: ADB estimates.

7. The outline terms of reference (TOR) for the PPTA consultants is described in paras 8 to 15 below.

8. **Harbor Specialist/Team Leader** (international, 6 person-months). Responsible for overall coordination and delivery of TA outputs. In particular, (i) provide overall team coordination and personnel management, (ii) oversee and deliver feasibility design, (iii) stakeholder consultation, (iv) assess regulatory framework for harbor operation, (v) assess institutional capacity of harbor operator and (vi) develop capacity building program for the piggybacked CDTA. The consultant will contribute to the preparation of the preliminary design report, feasibility document, final and monthly report. The consultant will have a minimum of Master's Degree in Civil Engineering or similar, specialized in maritime infrastructure development, and possesses a minimum of 20 years of demonstrated project management and

team leader experience in developing and implementing maritime infrastructure, preferably in small island economies.

9. **Civil Engineer/Deputy Team Leader** (national, 6 person-months). Support the team leader and international civil engineer in all areas of TA delivery, including stakeholder consultation and liaison with the IA. The consultant will contribute to the preparation of the preliminary design report, feasibility document, final and monthly report. The consultant will have a minimum of Master's Degree in Civil Engineering specialized in infrastructure development, and possess a minimum of 15 years of demonstrated project management and team leader experience in the maritime sector.

10. **Transport Economist** (international, 2 person-months). Undertake demand estimate and comprehensive economic and financial analysis of the overall project. The consultant will contribute to the preparation of the feasibility document. The consultant will review macroeconomic and sector context, demand analysis, economic rationale, identification of project alternatives, identification and comparison of costs and benefits, assessment of project sustainability, distribution of project effects, sensitivity and risk analysis, and identification of indicators for PPMS. The consultant will have (i) an advanced degree in economics or closely related fields, (ii) at least 5 year experience in undertaking economic analysis for development projects in maritime transport projects, preferably in small islands economies.

11. **Financial Management Specialist** (international, 2 person-months). The key tasks are (i) to perform financial management assessment of the proposed EA and IA and, to assess their capacity to manage ADB's imprest account and state-owned enterprise (if applicable), (ii) assess the operation of the existing harbor and provide recommendation to promote financially sustainable harbor operations, (iii) to assess and develop cost recovery mechanism and supporting policy, and (iv) to recommend capacity building measures for the subsequent CDTA. The consultant will produce the financial management report. The consultant will have minimum of Bachelor Degree in Law, Finance or Accounting, or similar, and possess minimum of 10 years of professional experience in financial management of public sector institutions. The consultant should also hold a recognized professional accountancy qualification such as a Chartered Accountant (CA), Certified Public Accountant (CPA) or Chartered Certified Accountant (ACCA).

12. **Civil Engineer (Harbor)** (international, 5 person-months). Responsible for technical aspects of the project. In particular (i) prepare and conduct surveys, (ii) prepare preliminary design, (iii) review harbor operation and maintenance, and (iv) prepare cost estimates. The consultant will contribute primarily on the preparation of the preliminary design report and the feasibility report. The consultant will have a minimum of Master's Degree in Civil Engineering, and at least 15 year experience in undertaking engineering design for major maritime infrastructure.

13. **Social Development Specialist** (national, 3 person-months). Assess impact on poverty and social impacts, including involuntary resettlement, indigenous peoples, HIV/AIDS, human trafficking, gender, participation and empowerment, labor, and other relevant issues for the Project. Conduct assessment and prepare required documentation in accordance with the requirements of the ADB and the Government of Maldives. The consultant will produce the social safeguard documents. The consultant shall have minimum of a Master's Degree in Social Sciences, and minimum of 10 years of relevant work experience. Experience with harbor projects preferred.

14. **Procurement Specialist** (international, 2 person-months). The task covers (i) provide procurement advice on contract packaging for the ensuing grant; (iii) support the IA on the preparation of the RFP and the execution of the recruitment of the project management consultant. The consultant shall have minimum of a Bachelor's Degree in Engineering or other relevant field, and minimum of 10 years of relevant experience in bid preparation, contract management, and delivering training on procurement. Experience and familiarity in ADB's Procurement Guideline or FIDIC is preferred. The consultant will produce draft RFP for project management consultant and draft procurement plan for the ensuing grant.

15. **Environmental Specialist** (national, 6 person-months). The task includes (i) assessing environmental impacts and prepare an environmental impact assessment (EIA) including an environmental management plan in accordance with the requirements of the ADB Safeguard Policy Statement (SPS) 2009 and the EIA Regulations, 2012 of the Ministry of Environment and Energy (MOEE) of Maldives; and (ii) assess risk of climate change and identify any mitigation and/or adaptation measures; (iii) monitoring compliance in the design process. The consultant will produce the IEE report. The consultant shall have a minimum of a Master's Degree in Environmental Science or Marine Ecosystems or related fields and a minimum of 7 years of working experience in conducting Environmental Assessment for development projects in a marine environment including harbor.

E. Implementation Arrangements

16. The IA for the PPTA is MHI, which will establish a project implementation unit (PIU). Disbursements under the TA will follow ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time).

17. The proposed TA processing and implementation schedule is listed in Table A3. 4.

Table A3.4: Technical Assistance Processing and Implementation Schedule

Major Milestones	Expected Completion Date
TA approval	December 2014
Inception mission	August 2015
Mid-term review mission	November 2015
Submission of TA draft Final Report	November 2015
Submission of TA Final Report	December 2015
TA physical closing date	June 2016
TA financial closing date	September 2016

TA= technical assistance.

Source: Asian Development Bank.