

PROGRAM PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. The program preparatory technical assistance (TA) is required to:
 - (i) Undertake sector preparatory work, define the scope of the ensuing program, and undertake (a) technical and systems assessment, (b) safeguards due diligence, and (c) financial sustainability and economic viability assessment of the ensuing program;
 - (ii) Assist the Madhya Pradesh Urban Development Company (MPUDC) in undertaking advance contracting actions for the proposed program by: (a) appointing the program management consultant (PMC) and design and supervision consultants (DSCs), and (b) preparing and managing the bids to procure performance-based contractors (PBCs) for urban services in the proposed program clusters; and
 - (iii) Assist the MPUDC in establishing results-based indicators (RBI) and service level benchmarks (SLBs) for the urban services.

B. Major Outputs and Activities

2. The major activities and outputs are summarized in Table A3.1.

Table A3.1: Summary of Major Activities and Outputs

Major Activities and Outputs	ECD
A. Program systems assessment	
TA consultant mobilization	Jan 2015
Undertake technical and systems assessment ^a	Jun 2015
Undertake integrated risk assessment	Aug 2015
Output: Draft Program Action Plan and Program Systems	Oct 2015
B. Financing for prior results	
Issue PMC and DSC EOIs	Feb 2015
Issue PMC and DSC RFP	Mar 2015
Output: Award PMC and DSCs contracts	Jun 2015
C. Advance financing actions	
Develop PBC bidding document	Mar 2015
Manage PBC bid process	May 2015
Output: First PBC awarded	Oct 2015

^a Refer Section II of the Concept Paper for details on assessments.

DSC = design and supervision consultant, ECD = expected completion date, EOI = expression of interest, PBC = performance-based contracts, PMC = program management consultant, RFP = request for proposal, TA = program preparatory technical assistance

Source: Asian Development Bank estimates.

C. Cost Estimate and Proposed Financing Arrangement

3. The TA is estimated to cost \$1,100,000 equivalent, of which \$1,000,000 equivalent will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The government will provide counterpart support in the form of counterpart staff, office accommodation, office supplies, secretarial assistance, domestic transportation, communication facilities for consultants, and other in-kind contributions. 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 (21 person-months)	533.4
ii. National consultants (23 person-months)	223.0
b. International and local travel	174.1
c. Reports and communications	7.5
2. Workshops, training, seminars, and conferences ^b	
a. Workshops at ULBs' conference halls	6.0
3. Surveys	26.0
4. Contingencies	30.0
Total	1,000.0

^a Financed by the Asian Development Bank's Technical Assistance Special Fund -other sources.

ULB = urban local bodies

^b Workshops, training, seminars, and conferences

Purpose	Venue
Training	ULB office or hotel

Source: Asian Development Bank estimates.

D. Consulting Services

4. Eleven individuals comprising 4 international consultants and 7 national consultants (providing 44 person-months of input) will be engaged to undertake the TA. Lump-sum payment or output-based contracts will be considered for consulting services. Table A3.3 summarizes the consulting services requirement for the individuals.

Table A3.3: Summary of Consulting Services Requirement

Positions	Person-Months Required
International	
Civil Engineering Specialist and Team Leader	12
Environmental Specialist	3
Procurement Specialist	4
Financial Specialist	2
National	
Civil Engineering Specialist	4
Sanitation Specialist	3
Financial Specialist	4
Economist	3
Environmental Specialist	3
Resettlement Specialist	3
Social Development and Gender Specialist	3

Source: Asian Development Bank.

5. The outline terms of reference for the program preparatory TA consultants are described in paragraphs 6 to 16.

1. Outline terms of reference for international consultants

6. **Civil Engineering Specialist and Team Leader.** The Team Leader will be an Engineer with minimum 15 years of experience in the infrastructure industry with a focus on urban services. The Specialist would have extensive working knowledge in India in the water supply and sewerage/sanitation sectors with a strong understanding of local contracting market and business acumen of potential contractors. She/he will assist on advance contracting actions to appoint the PMC and DSCs, coordinate technical feasibility assessment, safeguards assessment, and economic and financial viability assessment, and assist on bidding document preparation and bid process management for the first performance-based contract (PBC). She/he will be involved in program appraisal and structuring the program. All team members will report to the Team Leader.

7. **Environmental Specialist.** The Environmental Specialist will have a masteral degree required in environmental science or related field and minimum 15 years experience with a minimum 5 years of international experience with demonstrated performance in preparation and delivery of high quality environmental impact assessments. She/he would lead preparation of the program safeguards system assessment (PSSA) and related environmental safeguards work including oversight of environmental assessment documents (EIA, IEEs) for solid waste, wastewater, and water supply projects – constituting the first PBC. The specialist would apply high standard of quality and international best practices to all deliverables and develop the environmental and social management system for the program. The specialist would also supervise the national environmental specialist on the team.

8. **Procurement Specialist.** The Procurement Specialist will be an Engineer with knowledge of ADB Consulting and Procurement Guidelines with a minimum 15 years experience on recruitment of consultants and procurement of civil works and goods on ADB financed projects. She/he will assist on advance contracting actions to appoint the PMC and DSCs, and assist on bidding document preparation and bid process management for the first PBC.

9. **Financial Specialist.** The Financial Specialist will have a background in accounting and/or financial management and/or Masters in Business Administration, preferably a qualified professional accountant, with extensive knowledge of working with service utilities – power, telecom or water for a minimum 10 years. She/he will undertake a fiduciary expenditure framework assessments of proposed results-based lending program agencies, assess municipal finance performance of benefitting ULBs, prepare a financial model to simulate cash flows under the PBC and identify evaluation criteria for the procurement, suggest a tariff structure based on the modeling, undertake a financial viability assessment of the proposed program, develop results-indicators for disbursements, develop payment guarantee mechanisms for PBCs, and suggest a mechanism for MPUDC to monitor ULBs' ability to maintain governance reforms. The Specialist will also evaluate the need for advance financing and financing of prior results, determine and agree arrangements for program financial reporting, auditing and public disclosure.

2. Outline terms of reference for national consultants

10. **Civil Engineering Specialist.** The Civil Engineering Specialist will have minimum 20 years of experience in the water supply, sewerage/sanitation and storm water drainage sectors. She/he will draft the terms of reference for the PMC and DSC, undertake technical assessment and define the scope of the program, undertake quality check of the available engineering

designs (undertaken by the government) prior to undertaking identified advance procurement actions, and scope out the specifications, functional guarantees, and performance parameters of the PBC.

11. **Sanitation Specialist.** The Sanitation Specialist will have a minimum 10 years experience in the sanitation sector with demonstrated experience in low cost and decentralized sanitation options. Along with the Team Leader and national Civil Engineering Specialist, she/he will identify subproject options for benefitting urban local bodies (ULBs) at the town/city level and at poor settlements. She/he will develop output based aids to supplement payment guarantees for PBCs.

12. **Financial Specialist.** The Financial Specialist will have a background in accounting and/or financial management and/or Masters in Business Administration, preferably a qualified professional accountant, with extensive knowledge of working with service utilities – power, telecom or water for a minimum 5 years. She/he will support the international Financial Specialist.

13. **Economist.** The Economist will have a background of having undertaken economic analysis for infrastructure projects comprising roads, urban transport, power, telecom and water for a minimum 10 years. She/he will undertake economic viability analysis of the proposed program drawing from existing data and willingness to pay studies, and along with the Financial Specialist suggest a tariff structure and results-indicators.

14. **Environmental Specialist.** The Environmental Specialist will have a background of having undertaken environmental assessment for infrastructure projects comprising roads, urban transport, power, telecom and water for a minimum 5 years. She/he will undertake a PSSA and develop the environmental and social management system, and undertake safeguards assessment through initial environmental examinations for the first PBC.

15. **Resettlement Specialist.** The Resettlement Specialist will have a background of having undertaken resettlement planning for infrastructure projects comprising roads, urban transport, power, telecom and water for a minimum 5 years. She/he will undertake a PSSA and develop an ESMS, undertake involuntary resettlement assessment and prepare a resettlement plan for the first PBC, if required.

16. **Social Development and Gender Specialist.** The Social Development and Gender Specialist will have a background of having undertaken poverty reduction and social impacts assessment, and gender assessment and action planning for a minimum 5 years. The Specialist will undertake socioeconomic and willingness to pay surveys and analysis, and work closely with the social development team in the PMC (appointed through advance actions) to undertake the gender assessment and identify gender actions for the Program Action Plan.¹ The Specialist will assess hygiene and sanitation practices in poor settlements and develop a behavioral and change management program. She/he will also identify the extent to which government programs are effectively utilized and their impact in terms of poverty alleviation to design benefits under the proposed program in harmony with government targets.

¹ The Social Development and Gender Specialist will have a subcontract to appoint a survey firm through a Single-Source Selection (SSS) method to undertake required surveys for the TA and program appraisal.

E. Implementation Arrangements

17. The MPUDC will be the TA's executing agency. It will provide in-kind contributions in the form of counterpart staff, office accommodation, office supplies, and communication facilities for consultants. The proposed TA processing and implementation schedule is listed in Table A3.4. Disbursements under the TA will be done in accordance with the Technical Assistance Disbursement Handbook (May 2010, as amended). Consultants will be mobilized in a staggered manner with a focus on prioritizing the advance actions on: (i) recruiting the PMC and DSC, and (ii) undertaking advance actions for awarding PBCs.

Table A3.4: Technical Assistance Processing and Implementation Schedule

Major Milestones	Expected Completion Date
Concept paper clearance	Dec 2014
TA Consultant mobilization	Jan 2015
First PBC awarded	Oct 2015
PMC and DSC mobilization	Nov 2015
TA completion date	Dec 2016

DSC = design and supervision consultant, PBC = performance based contract, PMC = program management consultant, TA = technical assistance

Source: Asian Development Bank estimates.