

# Project Administration Manual

Project Number: 42486-016  
Loan and/or Grant Number(s): {LXXXX }  
April 2017

India: Madhya Pradesh Urban Services  
Improvement Project

## ABBREVIATIONS

ADB	:	Asian Development Bank
CAAA	:	Controller Aid Accounts & Audit Division of the Ministry of Finance
DBO	:	Design-Build-Operate
DDR	:	Due Diligence Report
DMF	:	Design Monitoring Framework
DPR	:	Detailed Project Report
EMP	:	Environmental Management Plan
FY	:	Financial Year
GESI	:	Gender Equality and Social Inclusion
GIS	:	Geographic Information System
GoMP	:	Government of Madhya Pradesh
GRM	:	Grievance Redressal Mechanism
IEE	:	Initial Environmental Examination
MIS	:	management information system
MPUDC	:	Madhya Pradesh Urban Development Company Limited
MPUIF	:	Madhya Pradesh Urban Infrastructure Fund
MPUSIP	:	Madhya Pradesh Urban Services Improvement Project
O&M	:	operation and maintenance
PAM	:	project administration manual
PIU	:	project implementation unit
PMU	:	project management unit
PMC	:	Project Management Consultants
PSS	:	Project Safeguard Systems
SSG	:	Social Safeguard and Gender
TOR	:	terms of reference
UADD	:	Urban Administration and Development Directorate
UDHD	:	Urban Development and Housing Department
ULB	:	Urban Local Body

## CONTENTS

I.	PROJECT DESCRIPTION	1
II.	IMPLEMENTATION PLANS	2
	A. Project Readiness Activities	2
	B. Overall Project Implementation Plan	5
III.	PROJECT MANAGEMENT ARRANGEMENTS	7
	A. Project Implementation Organizations: Roles and Responsibilities	7
	B. Key Persons Involved in Implementation	8
	C. Project Organization Structure is in Figure 1	9
IV.	COSTS AND FINANCING	10
	A. Cost Estimates Preparation and Revisions	10
	B. Key Assumptions	11
	C. Detailed Cost Estimates by Expenditure Category	12
	D. Allocation and Withdrawal of Loan Proceeds	13
	E. Detailed Cost Estimates by Financier	14
	F. Detailed Cost Estimates by Outputs	15
	G. Detailed Cost Estimates by Year	16
	H. Contract Award and Disbursement S-Curve	17
	I. Fund Flow Diagram	18
V.	FINANCIAL MANAGEMENT	19
	A. Financial Management Assessment	19
	B. Disbursement	24
	C. Accounting	25
	D. Auditing and Public Disclosure	25
VI.	PROCUREMENT AND CONSULTING SERVICES	26
	A. Advance Contracting and Retroactive Financing	26
	B. Procurement of Goods, Works, and Consulting Services	27
	C. Procurement Plan	27
	D. Consultant's Terms of Reference	27
VII.	SAFEGUARDS	28
	A. Social Safeguards	28
	B. Common Grievance Redress Mechanism (GRM)	33
	C. Environmental Safeguards	36
VIII.	GENDER AND SOCIAL DIMENSIONS	41
	A. Gender and Social Inclusion Strategy	41
	B. Institutional Strengthening	41
	C. Gender Sensitive Behavior Change Communication	42
	D. Enhancing livelihood opportunities and skills	42
	E. Project management	42
IX.	PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION	43
	A. Project Design and Monitoring Framework	43
	B. Monitoring	43
	C. Evaluation	43

D.	Reporting	44
E.	Consultation and Participation Strategy and Plan	44
X.	ANTICORRUPTION POLICY	45
XI.	ACCOUNTABILITY MECHANISM	46
XII.	RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL	46

#### Appendixes

1.	Subproject Selection Criteria	
2.	List of Project Towns and Components	
3.	Planned Capacity Building Programs and Workshops under Output 3	
4.	Procurement Plan	
5.	Terms of Reference of the Project Management Consultancy Assignment	
6.	Gender Equality and Social Inclusion Plan	
7.	Gender Equality and Social Inclusion Plan Monitoring and Reporting Format	
8.	Design Monitoring Framework	
9.	Community Awareness and Participation Plan	
10.	Outline of Quarterly Progress Report Format	
11.	Outline of Semi-annual Monitoring Report Template	
12.	Sample Grievance Registration Form	

## **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with the policies and procedures of the government and Asian Development Bank (ADB). The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Madhya Pradesh Urban Development Company Limited (MPUDC), the Implementing Agency and the Urban Development and Housing Department (UDHD), the Executive Agency, are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by MPUDC and UDHD of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At loan negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the loan agreement. Such agreement shall be reflected in the minutes of the loan negotiations. In the event of any discrepancy or contradiction between the PAM and the loan agreement, the provisions of the loan agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval, they will be subsequently incorporated in the PAM.



## I. PROJECT DESCRIPTION

1. The Madhya Pradesh Urban Services Improvement Project will complement past and ongoing efforts of the Government of Madhya Pradesh (GoMP) to improve water supply and wastewater management for the residents of Madhya Pradesh. The Project will adopt a sector approach and will invest in the water supply system in 64 towns and drainage systems in two towns. Madhya Pradesh's Urban Development and Housing Department (UDHD) will be the executing agency and Madhya Pradesh Urban Development Company Limited (MPUDC) will be the Implementing Agency for the project.

2. Sixty-four towns with reliable water resource, sound engineering feasibility, available land, and commitment for operation and maintenance (O&M), among others, have been identified to be supported by MPUSIP. Subprojects are selected based on the agreed selection criteria as indicated in Appendix 1. The GoMP plans to approach ADB in future for additional funding for the remaining towns based on lessons learned from implementation of the project. The sector investments will lead to increase in wastewater, which also needs to be addressed. The GoMP is committed to improve wastewater management in a phased manner.<sup>1</sup> The project will also support sewage and storm water management in two national heritage tourist towns of Khajuraho and Rajnagar.

3. The impact of the project will be economic growth and urban living conditions improved and infant mortality reduced in Madhya Pradesh.<sup>2</sup> The outcome will be improved quality, coverage, efficiency and sustainability of urban service delivery in Madhya Pradesh.

4. The project outputs are as follows:

- (i) **Output 1: Water supply infrastructure in 64 project towns and integrated storm water and sewage infrastructure in two towns improved.** This will include (a) construction of water supply facilities, using design-build-operate (DBO) model, in all project towns (the facilities will include raw water intakes, water treatment plants, overhead tanks, distribution networks including the metered household connections); (b) construction of sewage and storm-water management systems in two national heritage tourist towns (Khajuraho and Rajnagar); and (c) the project implementation capacity strengthening. Based on the geographic location and the size, subprojects in project towns have been grouped into 23 procurement packages to achieve the economies of scale for the contract purposes. The surface water is the source in 60 towns while ground water is the source in remaining four towns. In the four towns dependent on ground water, the project will support recharge of ground water and monitor sustainable use of ground water. The list of project towns and components is in Appendix 2.
- (ii) **Output 2: Systems to ensure sustained urban infrastructure operation and management established in all project towns.** The project will support the state government and the ULBs, during project implementation period, in establishing and maintaining 10 years performance based O&M water supply contracts. This will include engagement of operators on performance-based,

---

<sup>1</sup> The GoMP is undertaking investments to improve wastewater management in larger towns and towns along rivers using funds from AMRUT program, World Bank, and KfW projects.

<sup>2</sup> Government of Madhya Pradesh. 2012. *Twelfth Five Year Plan: 2012–2017*. Bhopal; and Government of Madhya Pradesh. 2013. *Madhya Pradesh Vision 2018: An Agenda for Development, Change and Good Governance*. Bhopal.

long-term O&M contracts and the monitoring and independent review of the services provided by the operators. After the construction (expected to be completed in 2 years), the contractors of the civil works packages will continue to operate and provide continuous water supply service for project towns for a period of 10 years. Out of the 10 years O&M contract period, ADB will finance the first 3 years following the completion of the subproject and GoMP will finance the remaining O&M cost in the subsequent years. The MPUDC will pay the contractors the O&M costs on a monthly basis in both fixed fee and performance-linked variable fees according to the contract agreement. The contractor will ensure proper metering and volumetric billing, adequate water pressure is maintained at the consumer end (0.7 bar or 7 meters), and supplied water complies with national quality standards for drinking water. The operator will also ensure that the services are responsive for which about 20 customer service centers will be established to cover all the project towns. The urban local bodies' (ULBs) obligations include timely setting and adjusting the tariffs, collection of revenue, and managing the defaulters for ensuring cost recovery and financial management for timely payments to the contractors by MPUDC. After the O&M period of 10 years is completed, the water supply asset will be handed over to the ULBs. The contractor will also train the ULB staff to enhance their capacity in operating the transferred assets.

- (iii) **Output 3: Capacity of MPUDC, ULBs and consumers in 64 project towns improved.** This will include (a) setting up of geographic information system (GIS)-based asset management and service delivery monitoring system; (b) develop information technology systems in 15 ULB to assist them in the day-to-day management; (c) improvement of septage management in project towns through implementation of sanitation safety plans; (d) capacity building of MPUDC and the project towns on managing the DBO contracts, and building up own operation capacity for managing the assets after the contract completion; and (e) conduct awareness-raising activities on water environmental protection, climate and disaster risks, and hygiene in project towns. An indicative list of planned capacity development programs and workshops under this output are in Appendix 3.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

5. A project preparatory technical assistance (PPTA) team was inducted to prepare the project and the documents required for processing the loan.

6. As a part of project readiness activities,

#### 1. Technical assistance team is responsible for:

- (i) preparation of project scope and estimate cost;
- (ii) preparation of the Subproject selection criteria;
- (iii) preparation of documents for loan processing;
- (iv) frameworks of safeguards (social and environmental);
- (v) feasibility (financial and economic) analysis;
- (vi) assist in procurement of Design Consultants and Project Management (PMC) under advance contracting;

- (vii) packaging of works and procurement plan;
- (viii) preparation of model bidding document;
- (ix) documents establishing project procedures;
- (x) preparation of the Gender Equality and Social Inclusion (GESI) Action Plan; and
- (xi) all other documents required for loan processing.

2. **The MPUDC is responsible for:**

- (i) establishment and staffing of project management unit (PMU) and project implementation units (PIUs);
- (ii) advance procurement actions;
- (iii) coordinating with Government of India for allocation of budget for the projects;
- (iv) coordinating loan signing; and
- (v) coordinating the conditions for loan effectiveness.

3. **Design Consultants are responsible for:**

- (i) topographical survey, field investigations, source finding and development of conceptual plans for water services improvement; and
- (ii) preparation of the preliminary designs and cost estimates for Project towns.

4. **ADB is responsible for:**

- (i) Preparation of Report and Recommendations of the President (RRP);
- (ii) process and approve the loan;
- (iii) coordinate activities required for loan effectiveness; and
- (iv) monitor and guide all project preparatory activities.

5. **The project readiness by May 2017.** The project management consultants (PMC) have been on board from Sep 2016. The key positions in five out of eight project implementation units (PIU) have been filled since end of 2016. For contracts bidding progress, among 23 DBO contract packages, seven packages are ready for awarding; financial evaluations of five packages were completed; six packages will close the bidding submission in May 2017. It is expected that contracts worth more than 30% of loan amount will be ready for awarding by May 2017.

7. Various program, readiness activities and responsibilities are in Table 1. The implementation plan of the project is provided in Table 2.





Table 2B: MPU SIP Project Implementation Plan																																																								
Description	2016				2017				2018				2019				2020				2021				2022				2023				2024				2025				2026				2027				2028				2029			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4								
<b>ADB Loan Period</b>																																																								
<b>A. DMF</b>																																																								
<b>Output 3</b>																																																								
<b>Capacity of MPUDC, ULBs and consumers in 64 project towns improved</b>																																																								
3.1 Establish gender budget cell in the Urban Development and Housing Department																																																								
3.2 Conduct water conservation, environmental, and hygiene awareness-raising activities, with women comprising at least 50% of the participants																																																								
3.3 Constitute grievance redress committees in each project town, with women comprising at least 30% of committee representatives																																																								
3.4 Hire consultants to design and set up information technology systems to improve management and service provision in 15 pilot towns																																																								
3.5 Hire consultants to design GIS for effective O&M of water services in 64 towns																																																								
3.6 Conduct 16 workshops on contract management covering 64 towns with at least 30% participation by women																																																								
3.7 Complete and implement detailed sanitation safety plan in the project towns																																																								
3.8 Train 400 people in water supply system O&M																																																								

ADB = Asian Development Bank, DBO = design, build and operate, DMF = design and monitoring framework, km = kilometer, mld = millimeter per day, MPUSIP = Madhya Pradesh Urban Services Improvement Project, O&M = operations and maintenance, PCR = project completion reports, PMC = project management consultant, ULB = urban local body.

Note: GESI plan implementation (2017-2021).

Source: Asian Development Bank estimates.

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations: Roles and Responsibilities

**Table 3: Roles and Responsibilities**

<b>Project Implementation Organizations</b>	<b>Management Roles and Responsibilities</b>
Executing agency Urban Development and Housing Department, Government of Madhya Pradesh	<ul style="list-style-type: none"> <li>➤ Policy support and direction</li> <li>➤ Allocation of counter-part funds</li> <li>➤ Regulation of water tariffs</li> <li>➤ Provision of operating subsidies</li> </ul>
Project Empowered and Executive Committee for MPUSIP appointed by Government of Madhya Pradesh	<ul style="list-style-type: none"> <li>➤ Administrative sanction for sub-projects</li> <li>➤ Bid approval and financial sanction</li> <li>➤ Project monitoring and removing barriers/hindrances</li> <li>➤ Ensuring social and environmental safeguard compliance</li> </ul>
Implementing agency Madhya Pradesh Urban Development Company Limited	<ul style="list-style-type: none"> <li>➤ Project planning and management</li> <li>➤ Fund management</li> <li>➤ Procurement</li> <li>➤ Contract management</li> <li>➤ Contract variations</li> <li>➤ Payments to contractors and service providers</li> <li>➤ Progress monitoring and evaluation</li> <li>➤ Liaison and reporting to ADB</li> <li>➤ Safeguard monitoring</li> </ul>
Project Management Unit (PMU) under MPUDC	<ul style="list-style-type: none"> <li>➤ Project administration and coordination</li> <li>➤ Monitor all the project implementation activities with a focus on performance and achievement of results</li> <li>➤ Reports to the Engineer-in-Chief and to the Empowered Committee</li> <li>➤ Reports to ADB on project implementation progress and other matters</li> <li>➤ Project accounting, financial reporting, coordination of audit, disbursements and budgeting</li> </ul>
Project Implementation Unit (PIU) under MPUDC – 8nos	<ul style="list-style-type: none"> <li>➤ Administering water supply and drainage management subprojects</li> <li>➤ Responsible for safeguards compliance of the subprojects</li> <li>➤ Overall execution and technical supervision of the project activities; approval of the detailed designs of the subprojects; monitoring work of DBO contractors in the subprojects</li> </ul>
Water Resource Review Committee (WRRC)	<ul style="list-style-type: none"> <li>➤ To review and evaluate the capacity and sustainability of water resources proposed for subprojects</li> <li>➤ To review the technical feasibility of intake location and techno-economic feasibility of the water withdrawal arrangements</li> </ul>
Technical Review Committee (TRC)	<ul style="list-style-type: none"> <li>➤ Review subproject conceptual plan and designs in terms of techno-economic feasibility and financial sustainability</li> <li>➤ Review designs and cost estimation and ensure robustness of the subproject proposals for ensuring project objectives</li> <li>➤ Accord approvals for detailed project reports</li> </ul>
Design Consultants to assist PMU	<ul style="list-style-type: none"> <li>➤ Subproject survey and investigations;</li> <li>➤ Preliminary design and cost estimation for capital investment and O&amp;M;</li> <li>➤ Preparation of detailed project reports and drawings.</li> </ul>
Project Management Consultant to assist PMU and PIUs	<ul style="list-style-type: none"> <li>➤ Project management, all technical issues and all PMU and PIU related activities</li> <li>➤ Review and validate subproject designs</li> <li>➤ Preparation of bid documents, bid evaluation and contract management</li> <li>➤ Proof check DBO contractor's designs and accord timely approvals</li> <li>➤ Construction supervision, quality control, field measurements and payment certification</li> <li>➤ Monitor compliance to ADB social and environmental safeguards and implementation of GESI</li> <li>➤ Project progress monitoring and preparation of project performance Monitoring system</li> <li>➤ assist PMU in implementing the urban reforms</li> </ul>
Asian Development Bank	<ul style="list-style-type: none"> <li>➤ Preparation of Report and Recommendations of the President (RRP)</li> </ul>

Project Implementation Organizations	Management Roles and Responsibilities
	<ul style="list-style-type: none"> <li>➤ Supervises overall project implementation</li> <li>➤ Review project management unit's submission for procurement of goods, civil works, and services</li> <li>➤ Conduct review missions, midterm review mission, and project completion review mission to assess project implementation progress and compliance with loan covenants</li> </ul>

ADB = Asian Development Bank, DBO = design-build-operate, GESI = Gender Equality and Social Inclusion, MPUSIP = Madhya Pradesh Urban Services Improvement Project.  
Source(s): ADB.

## B. Key Persons Involved in Implementation

### Executing Agency

Urban Development and Housing Department

Officer's Name: Mr. Malay Shrivastava, IAS  
Position: Principal Secretary, Urban Development and Housing Department  
Telephone: +91-755-2760837  
Email address: psuadd@mpurban.gov.in  
Office Address: Room 327, Vallabh Bhavan, Mantralaya, Bhopal

### Implementing Agency

Madhya Pradesh Urban Development Company Limited

Officer's Name: Mr. Vivek Agarwal, IAS  
Position: Managing Director, MPUDC  
Telephone: +91-94256-02230  
Email address: commude@mpurban.gov.in  
Office Address: MPUDC, Beej Bhavan, Mother Theresa Road, Arera Colony, Bhopal

### Asian Development Bank

Urban Development and Water Division (SAUW)  
South Asia Department

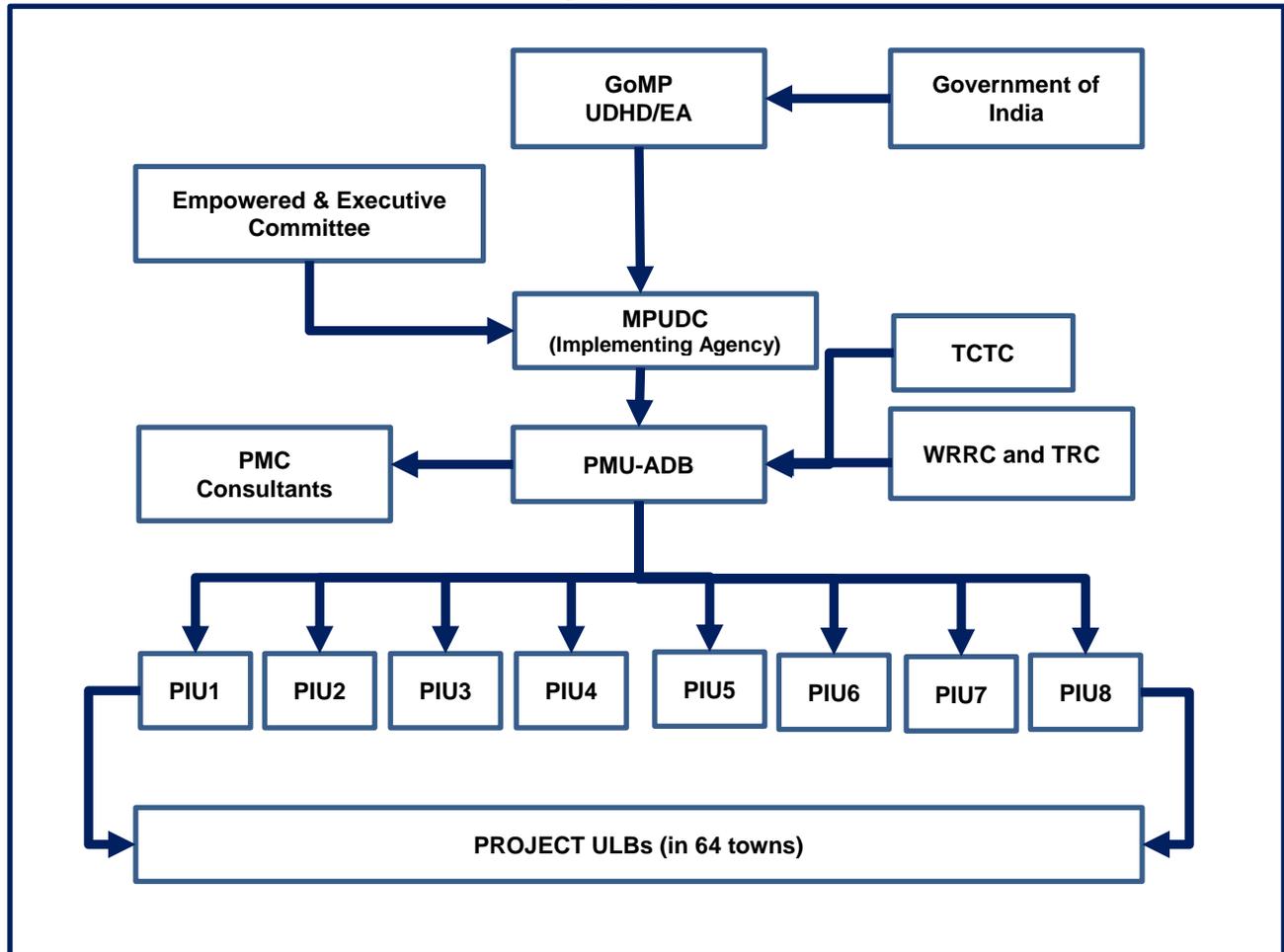
Staff Name: Mr. Sekhar Bonu  
Position: Director  
Telephone No. +632- 632-5628  
Email address: sbonu@adb.org

### Mission Leader

Staff Name: Ms. Jingmin Huang  
Position: Principal Urban Development Specialist  
Telephone No. +632- 632-6181  
Email address: jhuang@adb.org

C. Project Organization Structure is in Figure 1

Figure 1: Madhya Pradesh Urban Services Improvement Project – Project Organization Structure



ADB = Asian Development Bank; GoMP = Government of Madhya Pradesh; MPUDC = Madhya Pradesh Urban Development Company; PIU = project implementation unit; PMC = project management consultants; PMU = project management unit; TCTC = Technical Clearance and Tender Committee; TRC = Technical Review Committee; UDHD = urban development and housing department, ULBs = urban local bodies; WRRC = Water Resources Review Committee.

#### IV. COSTS AND FINANCING

8. The project is estimated to cost \$399 million and its investment plan is shown in Table 4. The Government of India has requested a loan of \$275 million from ADB's ordinary capital resources to help finance the project. The loan will have a 25-year term including a grace period of 5 years, a 20-year straight line repayment method, an annual interest rate determined in accordance with ADB's LIBOR-based lending facility, a commitment charge of 0.15% per year, and such other terms and conditions set forth in the draft loan and project agreements.<sup>3</sup>

9. The loan from ADB will finance (i) part of civil works and equipment, (ii) consulting services, (iii) part of incremental O&M and administrative costs,<sup>4</sup> and (iv) contingencies. The GoMP will contribute \$124 million equivalent to cover (i) taxes and duties, (ii) part of civil works and equipment, (iii) resettlement costs, (iv) part of incremental O&M and administrative costs, and (v) financial charges. The Government of India will on-lend the ADB loan proceeds to the GoMP. The Government of India and the GoMP have assured that it will meet any financing shortfall to ensure that project outputs are fully achieved. The financing plan is in Table 5.

**Table 4: Project Investment Plan (in \$ million)**

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Improved Water supply infrastructure in all project towns and integrated storm water and sewage infrastructure in two towns	239.7
2. Sustained urban infrastructure operation and management	101.8
3. Improved institutional effectiveness and strengthened capacity in all project towns	4.0
<b>Subtotal (A)</b>	<b>345.5</b>
<b>B. Contingencies<sup>c</sup></b>	<b>36.4</b>
<b>C. Financing Charges<sup>d</sup></b>	<b>17.1</b>
<b>Total (A+B+C)</b>	<b>399.0</b>

<sup>a</sup> In mid-2016 prices; Exchange rate of \$1 = INR67 is used.

<sup>b</sup> Includes taxes and duties of \$44.8 million to be financed from government resources by cash contribution.

<sup>c</sup> Physical contingencies are computed at 5.0% for civil works, equipment, and O&M. Price contingencies are computed at 1.4%-1.5% on foreign exchange costs and 5.5%-5.8% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest during construction (IDC) and commitment charges. IDC for ADB loan has been computed at the 5-year forward London interbank offered rate (1.09%) plus a spread of 0.5% as of 12 Aug. 2016. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank estimates.

**Table 5: Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary Capital Resources	275.0	68.9
Government of Madhya Pradesh	124.0	31.1
<b>Total</b>	<b>399.0</b>	<b>100.0</b>

Source: Asian Development Bank estimates.

#### A. Cost Estimates Preparation and Revisions

10. The cost estimates have been prepared by ADB and MPUDC. The cost estimate model has been prepared using microsoft excel, is available with the project team and PMU.

<sup>3</sup> Based on these loan terms, the maturity premium payable to ADB is 0.10% per annum.

<sup>4</sup> This includes regular and contractual staff salary, travel, office equipment, office and vehicles' rental, communication charge, transportation and insurance costs and etc.

## B. Key Assumptions

11. The following key assumptions underpin the cost estimates and financing plan:

- (i) Exchange rate: Rs67= \$1 (as of September 2016).
- (ii) Price contingencies based on expected cumulative inflation over the implementation period are in Table 6.

**Table 6: Escalation Rates for Price Contingency Calculation**

<b>Item</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Average</b>
Foreign rate of price inflation	1.5%	2.9%	4.5%	6.0%	7.6%	9.2%	5.3%
Domestic rate of price inflation	5.4%	11.5%	17.6%	24.1%	30.9%	38.1%	21.3%

Source: Asian Development Bank estimates.

- (iii) In-kind contributions cannot be easily measured and have not been quantified.

### C. Detailed Cost Estimates by Expenditure Category

**Table 7: Detailed Cost Estimates by Expenditure Category**  
(\$ million)

Item	Foreign Exchange	Local Currency	Total Cost	Total Net Cost	Tax	% of Total Base Cost
<b>A. Investment Costs</b>						
1. Civil Works	-	93.14	93.14	80.99	12.15	<b>27.0%</b>
2. Equipment	26.29	105.15	131.44	114.30	17.14	<b>38.0%</b>
3. Resettlement	-	2.00	2.00	2.00	-	<b>0.6%</b>
4. Project Management and Capacity Development	0.48	13.02	13.50	11.74	1.76	<b>3.9%</b>
a. Project management and Design Supervision	0.48	9.13	9.61	8.36	1.25	<b>2.8%</b>
b. Capacity development	-	3.89	3.89	3.38	0.51	<b>1.1%</b>
<b>Subtotal (A)</b>	<b>26.77</b>	<b>213.31</b>	<b>240.08</b>	<b>209.03</b>	<b>31.05</b>	<b>69.5%</b>
<b>B. Recurrent Costs</b>						
1. Incremental O&M costs	-	96.07	96.07	83.54	12.53	<b>27.8%</b>
2. Incremental Administrative Costs	-	9.32	9.32	8.11	1.22	<b>2.7%</b>
<b>Subtotal (B)</b>	<b>-</b>	<b>105.39</b>	<b>105.39</b>	<b>91.64</b>	<b>13.75</b>	<b>30.5%</b>
<b>Total Base Cost</b>	<b>26.77</b>	<b>318.70</b>	<b>345.47</b>	<b>300.67</b>	<b>44.80</b>	<b>100.0%</b>
<b>C. Contingencies</b>						
1. Physical Contingencies	1.79	14.24	16.03	16.03	-	<b>4.6%</b>
2. Price Contingencies	-	20.39	20.39	20.39	-	<b>5.9%</b>
<b>Subtotal (C)</b>	<b>1.79</b>	<b>34.63</b>	<b>36.42</b>	<b>36.42</b>	<b>-</b>	<b>10.5%</b>
<b>D. Financial Charges During Implementation</b>						
1. Interest during construction	16.51	-	16.51	16.51	-	<b>4.8%</b>
2. Commitment charges	-	0.60	0.60	0.60	-	<b>0.2%</b>
<b>Subtotal (D)</b>	<b>16.51</b>	<b>0.60</b>	<b>17.11</b>	<b>17.11</b>	<b>-</b>	<b>5.0%</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>45.07</b>	<b>353.93</b>	<b>399.00</b>	<b>354.20</b>	<b>44.80</b>	<b>115.5%</b>

O&M = operation and maintenance.

Notes: Numbers may not sum precisely because of rounding.

A4.a - Project Management includes \$1.89 million for the cost of independent monitoring and review body for monitoring the operating service; A4.b - Capacity development includes \$0.7 million for training of MPUDC and ULB staff and \$0.1 million for GESI action plan and other institutional strengthening measures; B.2 - Incremental administrative costs included \$0.04 million towards monitoring of environmental safeguards

Source(s): Asian Development Bank Estimates

#### D. Allocation and Withdrawal of Loan Proceeds

**Table 8: Allocation and Withdrawal of Loan Proceeds<sup>5</sup>**

No.	Item	Total Amount Allocated for ADB Financing (\$) Category	Basis for Withdrawal from the Loan Account
1	Civil Works and Equipment	194,430,000	86.6% of total expenditure claimed
2	Project Management and Capacity Development	11,738,000	87.0% of total expenditure claimed
3	Incremental O&M Costs	24,950,000	26.0% of total expenditure claimed
4	Incremental Administrative Costs	7,460,000	80.0% of total expenditure claimed
5	Unallocated	36,422,000	
<b>Total</b>		<b>275,000,000</b>	

<sup>5</sup> Financing includes minor taxes on incremental recurrent costs to simplify disbursement arrangements. The estimated expenditure is not excessive and will apply only with respect to ADB-financed expenditures.

## E. Detailed Cost Estimates by Financier

**Table 9: Detailed Cost Estimates by Financier**  
(\$ million)

Item	ADB		Government of Madhya Pradesh				Total Cost
	\$	%	Tax	Non-Tax	Total	%	
				\$			
<b>A. Investment Costs</b>							
1. Civil Works	80.64	86.6%	12.15	0.36	12.51	13.4%	<b>93.14</b>
2. Equipment	113.79	86.6%	17.14	0.50	17.65	13.4%	<b>131.44</b>
3. Resettlement	-	-	-	2.00	2.00	100.0%	<b>2.00</b>
4. Project Management and Capacity Development	11.74	87.0%	1.76	-	1.76	13.0%	<b>13.50</b>
a. Project management and Design Supervision	8.36	87.0%	1.25	-	1.25	13.0%	<b>9.61</b>
b. Capacity development	3.38	87.0%	0.51	-	0.51	13.0%	<b>3.89</b>
<b>Subtotal (A)</b>	<b>206.17</b>	<b>85.9%</b>	<b>31.05</b>	<b>2.86</b>	<b>33.91</b>	<b>14.1%</b>	<b>240.08</b>
<b>B. Recurrent Costs</b>							
1. Incremental O&M Costs	24.95	26.0%	12.53	58.59	71.12	74.0%	<b>96.07</b>
2. Incremental Administrative Costs	7.46	80.0%	1.22	0.65	1.86	20.0%	<b>9.32</b>
<b>Subtotal (B)</b>	<b>32.41</b>	<b>30.8%</b>	<b>13.75</b>	<b>59.23</b>	<b>72.98</b>	<b>69.2%</b>	<b>105.39</b>
<b>Total Base Cost</b>	<b>238.58</b>	<b>69.1%</b>	<b>44.80</b>	<b>62.09</b>	<b>106.89</b>	<b>30.9%</b>	<b>345.47</b>
<b>C. Contingencies</b>							
1. Physical Contingencies	16.03	100.0%	-	-	-	-	<b>16.03</b>
2. Price Contingencies	20.39	100.0%	-	-	-	-	<b>20.39</b>
<b>Subtotal (C)</b>	<b>36.42</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36.42</b>
<b>D. Financial Charges During Implementation</b>							
1. Interest during construction	-	-	-	16.51	16.51	100.0%	<b>16.51</b>
2. Commitment charges	-	-	-	0.60	0.60	100.0%	<b>0.60</b>
<b>Subtotal (D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17.11</b>	<b>17.11</b>	<b>100.0%</b>	<b>17.11</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>275.00</b>	<b>68.9%</b>	<b>44.80</b>	<b>79.20</b>	<b>124.00</b>	<b>31.1%</b>	<b>399.00</b>

ADB = Asian Development Bank, O&M = operation and maintenance.

Notes: Numbers may not sum precisely because of rounding.

Source(s): Asian Development Bank Estimates.

## F. Detailed Cost Estimates by Outputs

**Table 10: Detailed Cost Estimates by Outputs**  
(\$ million)

Item	Output 1 Construction of Water Supply and Sewerage System		Output 2 O&M of Water Supply and Sewerage System		Output 3 Institutional strengthening of ULBs		Total Cost
	\$	%	\$	%	\$	%	
	<b>A. Investment Costs</b>						
1. Civil Works	93.14	100.0%	-	-	-	-	<b>93.14</b>
2. Equipment	131.44	100.0%	-	-	-	-	<b>131.44</b>
3. Resettlement	2.00	100.0%	-	-	-	-	<b>2.00</b>
4. Project Management and Capacity Development	6.44	47.7%	3.18	23.5%	3.89	28.8%	<b>13.50</b>
a. Project management and Design Supervision	6.44	67.0%	3.18	33.0%	-	-	<b>9.61</b>
b. Capacity development	-	-	-	-	3.89	100.0%	<b>3.89</b>
<b>Subtotal (A)</b>	<b>233.02</b>	<b>97.1%</b>	<b>3.18</b>	<b>1.3%</b>	<b>3.89</b>	<b>1.6%</b>	<b>240.08</b>
<b>B. Recurrent Costs</b>							
1. Incremental O&M Costs	-	-	96.07	100.0%	-	-	<b>96.07</b>
2. Incremental Administrative Costs	6.67	71.5%	2.54	27.3%	0.12	1.3%	<b>9.32</b>
<b>Subtotal (B)</b>	<b>6.67</b>	<b>6.3%</b>	<b>98.61</b>	<b>93.6%</b>	<b>0.12</b>	<b>0.1%</b>	<b>105.39</b>
<b>Total Base Cost</b>	<b>239.68</b>	<b>69.4%</b>	<b>101.78</b>	<b>29.5%</b>	<b>4.00</b>	<b>1.2%</b>	<b>345.47</b>
<b>C. Contingencies</b>							
1. Physical Contingencies	11.23	70.0%	4.80	30.0%	-	-	<b>16.03</b>
2. Price Contingencies	14.15	69.4%	6.01	29.5%	0.23	1.1%	<b>20.39</b>
<b>Subtotal (C)</b>	<b>25.38</b>	<b>69.7%</b>	<b>10.82</b>	<b>29.7%</b>	<b>0.23</b>	<b>0.6%</b>	<b>36.42</b>
<b>D. Financial Charges During Implementation</b>							
3. Interest during construction	11.46	69.4%	4.87	29.5%	0.18	1.1%	<b>16.51</b>
4. Commitment charges	0.41	69.4%	0.18	29.5%	0.01	1.1%	<b>0.60</b>
<b>Subtotal (D)</b>	<b>11.87</b>	<b>69.4%</b>	<b>5.04</b>	<b>29.5%</b>	<b>0.19</b>	<b>1.1%</b>	<b>17.11</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>276.94</b>	<b>69.4%</b>	<b>117.64</b>	<b>29.5%</b>	<b>4.42</b>	<b>1.1%</b>	<b>399.00</b>

O&M = operation and maintenance, ULBs = urban local bodies.

Notes: Numbers may not sum precisely because of rounding.

Source(s): Asian Development Bank Estimates

## G. Detailed Cost Estimates by Year

**Table 11: Detailed Cost Estimates by Year**  
(in \$ million)

Item	Total Cost	2017	2018	2019	2020	2021
<b>A. Investment Costs</b>						
1. Civil Works	93.14	46.57	46.57	-	-	-
2. Equipment	131.44	65.72	65.72	-	-	-
3. Resettlement	2.00	1.00	1.00	-	-	-
4. Project Management and Capacity Development	13.50	4.31	4.31	2.91	0.98	0.98
a. Project management and Design Supervision	9.61	3.84	3.84	1.92	-	-
b. Capacity development	3.89	0.47	0.47	0.98	0.98	0.98
<b>Subtotal (A)</b>	<b>240.08</b>	<b>117.60</b>	<b>117.60</b>	<b>2.91</b>	<b>0.98</b>	<b>0.98</b>
<b>B. Recurrent Costs</b>						
1. Incremental O&M Costs	96.07	-	-	12.81	12.81	70.45
2. Incremental Administrative Costs	9.32	3.36	3.36	0.87	0.87	0.87
<b>Subtotal (B)</b>	<b>105.39</b>	<b>3.36</b>	<b>3.36</b>	<b>13.68</b>	<b>13.68</b>	<b>71.32</b>
<b>Total Base Cost</b>	<b>345.47</b>	<b>120.96</b>	<b>120.96</b>	<b>16.59</b>	<b>14.66</b>	<b>72.30</b>
<b>C. Contingencies</b>						
1. Physical Contingencies	16.03	5.61	5.61	0.64	0.64	3.52
2. Price Contingencies	20.39	4.31	6.30	1.13	1.25	7.40
<b>Subtotal (C)</b>	<b>36.42</b>	<b>9.92</b>	<b>11.91</b>	<b>1.77</b>	<b>1.89</b>	<b>10.92</b>
<b>D. Financial Charges During Implementation</b>						
5. Interest during construction	16.51	0.96	2.90	3.98	4.20	4.47
6. Commitment charges	0.60	0.33	0.16	0.06	0.04	0.02
<b>Subtotal (D)</b>	<b>17.11</b>	<b>1.29</b>	<b>3.05</b>	<b>4.04</b>	<b>4.24</b>	<b>4.49</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>399.00</b>	<b>132.17</b>	<b>135.92</b>	<b>22.40</b>	<b>20.79</b>	<b>87.71</b>

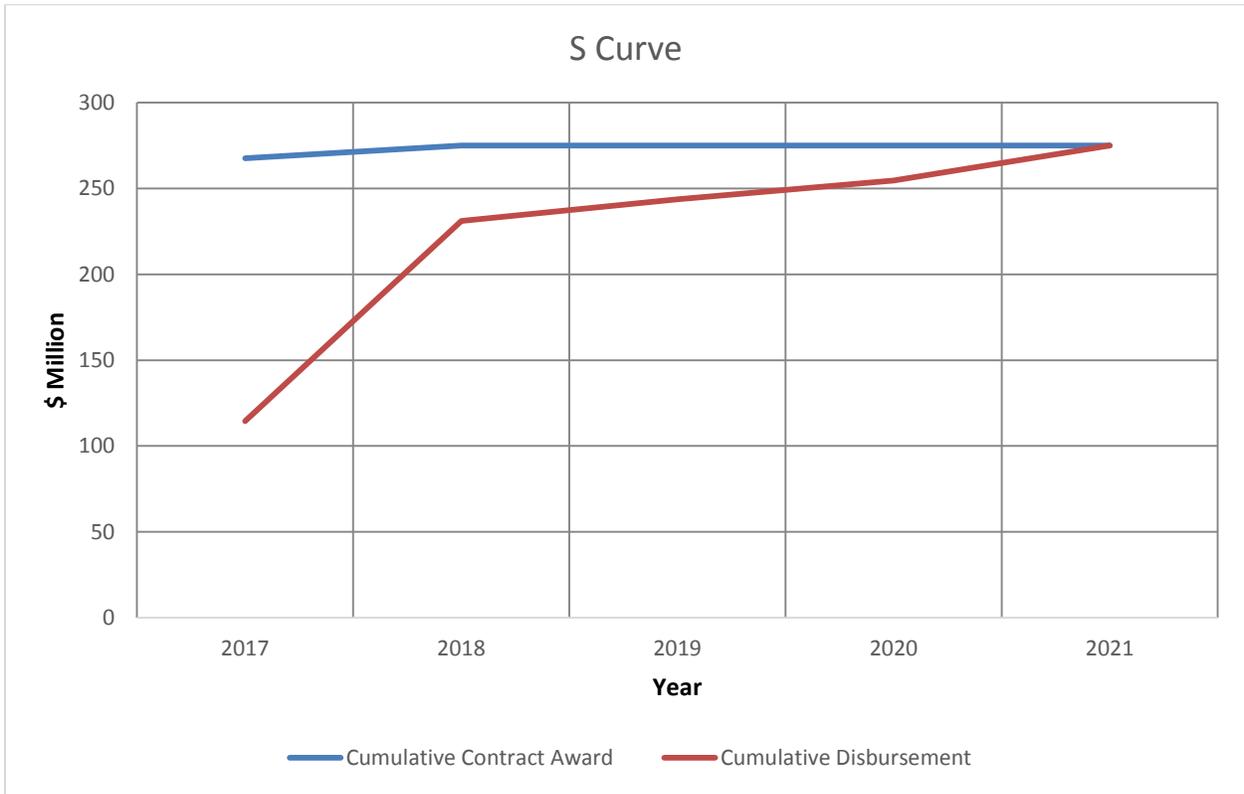
O&M = operation and maintenance.

Notes: Numbers may not sum precisely because of rounding.

Source(s): Asian Development Bank Estimates

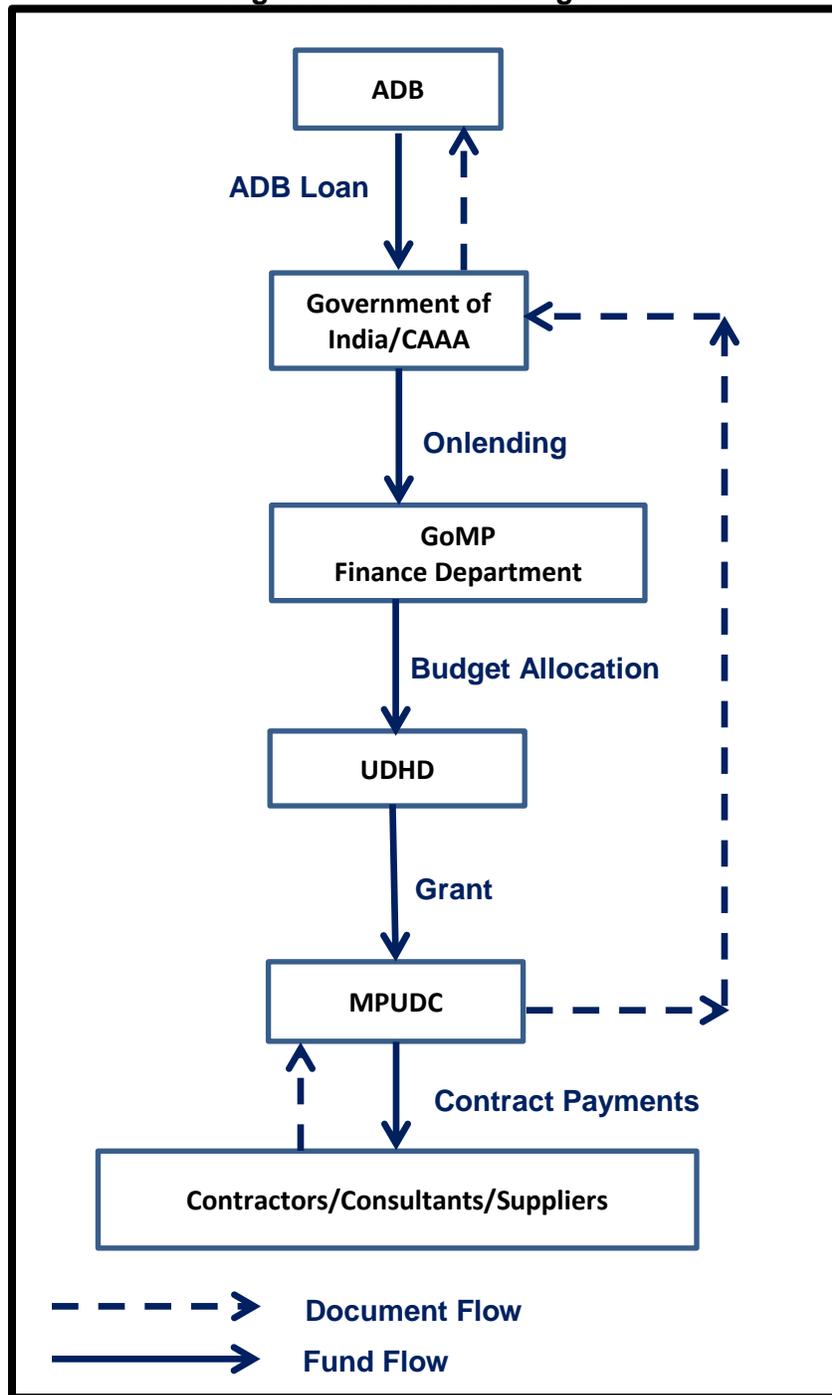
H. Contract Award and Disbursement S-Curve

Figure 2: Contract Award and Disbursement S-Curve



I. Fund Flow Diagram

Figure 3: Fund Flow Diagram



ADB = Asian Development Bank; CAAA = Controller Aid Accounts & Audit Division of the Ministry of Finance; GoMP=Government of Madhya Pradesh; MPUDC=Madhya Pradesh Urban Development Company; UDHD=urban development and housing department.

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

12. The financial management assessment (FMA) was conducted from September 2015 to August 2016 in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects (2005), Financial Due diligence a Methodology Note (2009), and Financial Management Technical Guidance Note (2015). The FMA considered the capacity of (i) the UDHD, the GoMP, (ii) the MPUDC and the PMU domiciled in MPUDC; and (iii) a sample of six Urban Local Bodies, namely, Kothri, Bainsdehi, Khajuraho, Katangi, Rajnagar and Sagar, are included in the project. The FMA focused on funds flow, staffing, accounting policies and procedures, budgeting system, payments, policies and procedures, cash and bank, contract management and accounting, internal controls, and internal and external audit, reporting and monitoring, and information systems in relation to administering the proposed loan.

13. The PMU, with the support of the eight PIUs, will be responsible for all day-to-day management of the MPUSIP. The project would be implemented by contractors on a Design, Build and Operate basis wherein contractors would also be responsible for the O&M of the project for a period of 10 years after commissioning.

14. A key strength of the project is that project management unit established earlier under ADB's Urban Water Supply and Environmental Improvement in Madhya Pradesh Project – Loan 2046-IND and 2456-IND (Project Uday) is subsumed as the PMU in MPUDC. The PMU has significant experience in implementing externally aided/funded projects.

15. The major risk factors identified during the assessment that need to be addressed include;

- (i) delays in allocating counterpart funds from GoMP;
- (ii) delay in deployment of full time dedicated project director and engineer-in-chief and PIU staff;
- (iii) non appointment of internal auditor by MPUDC; and
- (iv) non-implementation of targeted reforms based on AMRUT guidelines.

16. Despite the highlighted risks, with the on-going actions by UDHD, MPUDC, and the PMU, in addressing the issues and with the risk mitigation measures proposed, the financial management arrangements are considered satisfactory. The overall risk assessment for the proposed Project is **Substantial**. The action plan under process to reduce the above risks is listed in Table 12:

**Table 12: Financial Management Action Plan**

	<b>Risk-Mitigation Measures</b>	<b>Responsibility</b>	<b>Target Date</b>
1.	Covenant adequacy and timeliness of budget allocation, and counterpart funding in the loan agreement. Budget allocations to MPUDC for the project to be monitored as part of regular performance reporting.	UDHD	Prior to Loan agreement
2.	Deployment of full time dedicated project director and engineer-in-chief for the ADB PMU	UDHD, MPUDC	Prior to Loan agreement
3.	Establishment of 8 PIUs with dedicated full time qualified and experienced staff	MPUDC	December 2016
4.	Induction of one qualified chartered accountant on a full time basis and other sanctioned accounts and finance staff for the project.	MPUDC, PMU	March 2017
5.	Support for implementation of governance reforms to be met by ULBs, based on AMRUT Guidelines	UDHD, ULBs	December 2018

	<b>Risk-Mitigation Measures</b>	<b>Responsibility</b>	<b>Target Date</b>
	(i) Adoption of accrual basis of accounting by 64 ULBs by [Dec 2019]; (ii) Creation of ULB website; (iii) publication of annual financial statements; (iv) adopt volumetric tariff in 100% ULBs by [Dec 2018]; (v) Achieve 90% billing and 90% collection against water charges in 50% ULBs by [Dec 2022]; and (vi) setting up a computerized accounting system.		
6.	Tariff Awareness Campaigns after 2018, when citizens can be demonstrated improved services.	UDHD, ULBs	December 2019
7.	The MPUDC will prepare a business plan including budget allocations for the project counterpart funding on an annual basis and obtains timely allocation from GoMP.	MPUDC	December every year
8.	The MPUDC shall appoint a qualified and experienced internal auditor to conduct internal audit and report to the Board of Directors in accordance with the requirements of the Companies Act, 2013. Internal Audit for the Project to be initially outsourced to independent Chartered Accountancy firm with scope of work supplemented by inputs from ADB.	MPUDC	March 2017
9.	First set of statutory audited financial statements of MPUDC for the FY 2017 shall be submitted by 30 September 2017.	MPUDC	30 September 2017
10.	Establishment of a computerized financial accounting and reporting system, along with adequate capacity building is required.	MPUDC	31 March 2018
11.	Ensure LFAD audit is brought up to date and subsequent years audits are completed within 6 months of the end of the fiscal year  Clearance and compliance of outstanding audit paras of both Local Fund Audit (LFA) and CAG audit in ULBs in accordance with time bound action plan.	ULBs	31 March 2018

ADB = Asian Development Bank, AMRUT = Atal Mission for Rejuvenation and Urban Transformation; CAG = Comptroller and Auditor General of India; DBO = Design-Build-Operate; GoMP = Government of Madhya Pradesh; LFAD = Local Fund Audit Department; MIS = management information systems; MPUDC = Madhya Pradesh Urban Development Company Limited; PMU = project management unit; PIU = project implementation unit; UDHD = Urban Development and Housing Department; ULBs = urban local bodies.

17. A summary of the financial management internal control risk assessment is given below.

<b>Risk Assessment</b>	<b>Risk Rating</b>	<b>Risk-Mitigation Measures</b>
<b>Inherent Risk</b>		
1. <b>Country-Specific Risks</b> In some states, there have been instances of delay in release of funds by state governments.  Public and private sector auditing standards and capacity in India are sound. India has a relatively strong accounting profession although most levels of government still use a cash basis of accounting.	L	GoMP's proposal for accessing ADB funding for MPUSIP was reviewed and cleared by the Department of Expenditure, Ministry of Finance, Government of India after an assessment of its fiscal situation (including borrowing headroom) and ability to provide counterpart funds. Since MPUSIP supports GoMP's Program for improving urban services in the ULBs in the State, a key priority of the current central government, no problem is envisaged in budget allocations for GoMP's share of expenditure.  In addition, budget analysis indicates that annual budget allocations are not only increasing but are also being absorbed and spent by Urban Administration and Development Directorate (UADD). Nonetheless, this will be covenanted in the loan agreement.  GoMP will have to undertake expenditure before it gets reimbursed by ADB. GoMP's share in the total

Risk Assessment	Risk Rating	Risk-Mitigation Measures
<p>2. <b>Sector Specific Risks</b>  <i>ULBs</i> inadequate ability and capacity and political unwillingness to increase property tax collection and increase tariffs of revenue generating services (e.g. water supply) will affect the financial sustainability of the <i>ULBs</i>. If revenues are not increased significantly and sustained then it will be difficult for <i>ULBs</i> to properly operate and maintain new investments.</p>	S	<p>Project, at 30%, is also not excessive.</p> <p>Continued policy dialogue with MPUDC and UDHD, along with sharing of good practice examples from other States, and preparation of financial projections to identify realistic and appropriate tariff increase recommendations.</p> <p>Tariff Awareness Campaigns after 2019, when citizens can be demonstrated improved services.</p> <p>Support for implementation of governance reforms to be met by <i>ULBs</i> included in the FMAP.</p>
<p><b>Overall Inherent Risk</b></p>	M	
<p><b>Control Risk – MPUDC</b></p>		
<p>3. <b>Internal Controls</b>  The MPUDC is a newly incorporated entity, without established system of internal controls.</p>	M	<p>(i) The MPUDC has finance department, headed by Finance Director cum Chief Financial Officer. (ii) As MPUDC is a company under the Companies Act, 2013, minimum internal controls defined therein would need to be adopted (iii) MPUDC staff will include UADD staff who have a strong understanding of GoMP Financial Regulations as well as requirements for externally aided projects.</p>
<p>4. <b>Funds Flow</b>  Funds will flow using the country budgetary systems from Government of India to GoMP to UDHD to MPUDC. ADB funds would be received by GoMP through CAAA, Government of India. They will then be allocated to MPUDC-PMU (along with GoMP own contribution) through the state budget.</p> <p>MPUDC-PMU will manage the overall Project funds and be able to withdraw these resources from the State Treasury.</p>	L	<p>Budget allocations to MPUDC for the project to be monitored as part of regular performance reporting.</p> <p>Fund Flow mechanism to be documented in MPUDC financial accounting manuals.</p>
<p>5. <b>Staffing</b>  The MPUDC must ensure that PMU Finance Section is adequately staffed with competent and experienced personnel and provides professional quality service.</p> <p>Positions, although not filled, are already approved for municipal finance officer (a qualified chartered accountant with minimum of 5 years' experience), MIS officer and one computer programmer / operator Phase 2.</p>	S	<p>Induction of one chartered accountant on a full time and other sanctioned staff for the project on timely basis.</p> <p>Timely induction of the sanctioned accounts and finance staff and officers for the project at MPUDC is essential.</p>
<p>6. <b>Accounting and Financial Reporting</b>  The MPUDC is a company registered under the Companies Act, 2013 and consequently bound to apply accrual basis of accounting, and apply Indian Accounting Standards.</p>	M	<p>As MPUDC is a company under the Companies Act, 2013, it would need to have a robust accounts department, as also implement double entry book keeping</p> <p>The MPUDC will also prepare an annual budget for submission to the state government based on the business plan for the next year, as well as a rolling three year budget. Periodical review of achievements also needs to be undertaken.</p> <p>Training in the preparation of financial statements in</p>

Risk Assessment		Risk Rating	Risk-Mitigation Measures
			accordance with an appropriate financial reporting framework will be required to ensure compliance with Indian Accounting Standards as well as relevant Public Sector Accounting principles Finance staff will also need to be trained on the ADB financial reporting requirements under the Project.
7.	<b>Internal Audit</b> The MPUDC, being a new company, has yet to appoint an internal auditor.	S	The MPUDC shall appoint an internal auditor, with relevant internal audit qualification, to conduct internal audit and report to the Board of Directors in accordance with the requirements of the Companies Act, 2013 supplemented by TORs co-developed with ADB.  Internal Audit for the project to be outsourced to independent chartered accountant firm, and progressively co-sourced and subsequently in house at MPUDC. Internal Audit will report to the BoD of MPUDC at least semiannually, and is expected to be adequately independent, competent, perform risk based internal audit in line with internationally recognized internal auditing principles.
8.	<b>External Audit</b> MPUDC-PMU would be audited by an external auditor in accordance with the Companies Act, 2013. MPUDC-PMU would also be subject to CAG audit.	L	MPUDC Board of Directors has passed a resolution for requesting the CAG to appoint a Chartered Accountancy firm as its Statutory Auditor. First set of statutory financial statements for the FY 2016 shall be submitted by September 30, 2016.
9.	<b>Reporting and Monitoring</b> The MPUDC is yet to implement the reporting and monitoring systems required for the project	M	MPUDC-PMU has had adequate experience in preparation of comprehensive monthly and quarterly FM reporting systems for ADB. Routine reports would be produced from the accounting system.
10.	<b>Management Information Systems</b> The MPUDC is yet to implement any MIS.  PMU's accounts are computerized under the Tally Accounting Software system.	S	The UDHD has a computerized MIS which need to be customized for the project monitoring.  Training of PMU and PIUs staff in Project accounting software will be extended by the financial management consultant deployed by the PMC.
<b>Overall Control Risk for MPUDC</b>		<b>S</b>	
<b>Control Risk - ULBs</b>			
11.	<b>Staffing</b> Weak capacity at ULBs.  <b>Kothri:</b> Finance Section staff (accountant) assisted by cashier and computer operator.  <b>Bainsdehi:</b> Finance section is looked after by account clerk assisted by cashier and computer operator.	S	The MPUDC will set up PIUs <sup>6</sup> which will include representatives from ULB and, will be the implementing agencies for their respective towns.  4 dedicated PIU's set up by the MPDUC will be established to implementation of the project.  The PIU Finance Section is responsible for project financial management, accounting and reporting.  PIU will adopt project FM and accounting systems and will be assisted by PMU in this regard.

<sup>6</sup> In view of the capacity constraint of ULBs, PIUs set up by MPUDC, under the tri-partite agreement between UAD, MPUDC and ULBs, will be the IAs and on completion the projects will be handed over to ULBs for operation and maintenance. The tri-partite agreement is attached in supplementary linked document: Subproject selection criteria.

Risk Assessment	Risk Rating	Risk-Mitigation Measures
<p><b>Khajuraho:</b> Finance Section staff (Accountant) assisted by cashier and computer operator.</p> <p><b>Katangi:</b> One clerk assisted by another clerk does accounts work.</p> <p><b>Rajnagar:</b> One accountant assisted by two persons works in finance section.</p> <p><b>Sagar:</b> One accounts officer, one accountant, three accounts clerks assisted by three computer operators works in finance section.</p> <p>Staff positions approved for each PIU are: one senior accounts officer, one junior accounts officer and one computer programmer/operator.</p>		<p>PMU to provide training and capacity support.</p> <p>ULB to fill vacant positions by 2018. Each ULB will need a full time qualified accountant to implement and manage the Double Entry Accounting System (accrual based).</p> <p>All ULBs accounts staff requires training in automated accounting system.</p>
<p>12. <b>Fund Flow</b> Proposed fund flow provides for centralized payment to contractors and consultants from MPUDC, Bhopal. As such PIUs will not be managing funds.</p>	L	Not applicable
<p>13. <b>Accounting Policies and Procedures</b> Currently, <i>ULB</i> staff is trained in the government accounting system (cash accounting). Switching over from cash based to accrual based double entry accounting system is envisaged under the E-Nagarpalika initiative. All the ULBs will follow the Madhya Pradesh Municipal Accounts Manual (MPMAM), upon implementation of the Nagar Palika reform. The MPMAM is based in the National Municipal Accounts Manual.</p>	S	<p>Implementation of targeted reforms outlined in Annex 1, based on AMRUT guidelines, within the agreed timeframe.</p> <p>A total service provider model is suitable at the initial stage in urban local bodies (ULBs) where staff capacity is low, with the condition to transfer responsibilities to the ULB after building its capacity. GoMP is in the process of rolling out E Nagarpalika software across all ULBs including Project ULBs. E-Nagar Palika contractor will be providing handholding support for the software for a period of 5 years post implementation till FY 2022.</p> <p>Developing a cadre of municipal accounting staff would provide sustainability to the accounting reform.</p> <p>Induction of qualified accountant with five years' experience for the maintenance of the DEAS and other modules at each ULB.</p> <p>Staff capacity building institutions at the state level would provide great impetus to the process. The Financial Management Specialist in the Procurement Contract Management Consultant (PCM) team will provide support to the ULBs as and when needed.</p>
<p>14. <b>Information systems</b> Not computerized in five ULBs. Sagar nagar nigam has computerized accounting – "Tally" has been implemented.</p>	M	<p>With implementation of E Nagar Palika this will be provided for.</p> <p>Ensuring standardized software module across ULBS will make the consolidated reporting easier.</p>

Risk Assessment		Risk Rating	Risk-Mitigation Measures
	PIUs' accounts are to be brought under the Project computerized accounting system.		
15.	<p><b>Internal Audit</b> Internal audit is being carried out the Local Fund Audit Department (LFAD) of the GoMP. Compliance to audit reports are an ongoing process.</p> <p>In Kothri and Khajuraho the LFAD audit is done till FY 2013. In Sagar, LFAD audit is done till FY 2014-15.</p>	M	<p>GoMP to ensure LFAD audit is brought up to date; and that all outstanding audit paras are resolved within reasonable period.</p> <p>Clearance and compliance of outstanding audit paras of both Local Fund Audit (LFA) and CAG audit in all the three ULBs in a time bound action plan.</p>
16.	<p><b>External Audit</b> In the 6 ULBs, in one ULB audit completed up to FY 2007 and in one ULB completed up to FY 2015.</p>	M	<p>MPUDC-PMU to ensure that:</p> <p>a) Audit is taken up and completed within 6 months of the end of the financial year for all Project ULBs; and</p> <p>b) All outstanding audit paras are resolved within reasonable period.</p>
<b>Overall Control Risk for ULBs</b>		<b>Substantial</b>	
<b>Overall Risk for Project</b>		<b>Substantial</b>	

ADB = Asian Development Bank; CAAA = Controllers of Aid Accounts and Audit; DLI = Disbursement Linked Indicators; FMAP = financial management action plan; GoMP = Government of Madhya Pradesh; MPUDC = Madhya Pradesh Urban Development Company, MPUSIP = Madhya Pradesh Urban Services Improvement Project; UADD = Urban Administration and Development Department; ULB = urban local body.

Note: H=High; S=Substantial; M=Moderate; L=Low Risk rating is subjective and professional judgment is to be exercised.

## B. Disbursement

### 1. Disbursement Arrangements for ADB

18. The loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time) and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available.<sup>7</sup> Project staff is encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

19. The disbursement procedures include, but are not limited to reimbursement procedure, and statement of expenditures (SOE) procedure.

20. **Statement of expenditure procedure.**<sup>8</sup> The SOE procedure may be used for reimbursement of eligible expenditures. The ceiling of the SOE procedure is the equivalent of \$100,000 per individual payment. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Reimbursement of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

21. Before the submission of the first withdrawal application, the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures

<sup>7</sup> Disbursement eLearning. [http://wpqr4.adb.org/disbursement\\_elearning](http://wpqr4.adb.org/disbursement_elearning)

<sup>8</sup> SOE forms are available in Appendix 9B and 9C of ADB's *Loan Disbursement Handbook* (2015, as amended from time to time).

of each authorized person. The minimum value per withdrawal application is \$100,000 equivalent. Individual payments below this amount should be paid by the UDHD and/or MPUDC and subsequently claimed to ADB through reimbursement unless otherwise accepted by ADB.

## **2. Disbursement Arrangements for Counterpart Fund**

22. The PMU will be a signatory to the contracts and the payment checks. The PMU will be responsible for (i) preparing contract award and disbursement projections; (ii) requesting budgetary allocations for counterpart funds; (iii) collecting supporting documents; and (iv) preparing claims and sending to Aid, Accounts & Audit Division. Taxes and duties will be borne by the counterpart by way of cash contribution.

### **C. Accounting**

23. The MPUDC will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project. Project accounts will follow generally accepted accounting principles and standards followed by the Government of India. Template financial statements provided in the standardized terms of reference for audit of ADB assisted projects, agreed with the C&AG, the Department of Economic Affairs, and ADB can be referred to as a guide for preparing financial statements.

### **D. Auditing and Public Disclosure**

24. The MPUDC will cause the detailed project financial statements to be audited in accordance with the government's audit regulations, by the C&AG or any private external auditor empaneled and assigned to the audit by the C&AG, acceptable to ADB. The audited project financial statements together with the auditor's opinion will be presented in the English language to ADB within 6 months from the end of the fiscal year by MPUDC.

25. The audited entity financial statements, together with the auditor's report and management letter, will be submitted in the English language to ADB within 1 month after their approval by the relevant authority.

26. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the loan were used only for the purposes of the project; and (iii) whether the GoMP and MPUDC were in compliance with the financial covenants contained in the legal agreements (where applicable).

27. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

28. The government, UDHD, MPUDC and PMU have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.<sup>9</sup> ADB reserves the right to require a change in the auditor

---

<sup>9</sup> ADB's approach and procedures regarding delayed submission of audited project financial statements:

(i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6

(in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

29. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy 2011.<sup>10</sup> After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, and audited entity financial statements will not be disclosed.<sup>11</sup>

## VI. PROCUREMENT AND CONSULTING SERVICES

30. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).<sup>12</sup>

### A. Advance Contracting and Retroactive Financing

31. All advance contracting and retroactive financing will be undertaken in conformity with ADB Procurement Guidelines (2015, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The borrower, UDHD and MPUDC have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

32. **Advance contracting.** Advance contracting would be for (i) the recruitment of Project Management Consultant (PMC); and (ii) procurement of civil works including equipment.

- (i) The recruitment of PMC was completed by the MPUDC on QCBS selection process. The PMC was mobilized in November 2016; and
- (ii) Twenty three (23) bid packages had been planned covering the 64 towns and advance contracting is envisaged for about 15 packages.

33. **Retroactive financing.** ADB will finance a maximum amount of eligible expenditures up to the equivalent of 20% of the loan (approximately \$55 million) incurred before loan

---

months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed;

- (ii) When audited project financial statements are not received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions; and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months; and
- (iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend the loan.

<sup>10</sup> Public Communications Policy: <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

<sup>11</sup> This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. *Public Communications Policy*. Paragraph 97(iv) and/or 97(v).

<sup>12</sup> Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

effectiveness but not earlier than 12 months before the signing of the Loan Agreement. Retroactive financing shall apply to consulting services, and civil works including equipment.

## **B. Procurement of Goods, Works, and Consulting Services**

34. International competitive bidding (ICB) procedures will be used for civil works contracts estimated to cost \$40 million or more. Shopping will be used for contracts for procurement of works and equipment worth less than \$100,000.

35. National Competitive Bidding (NCB) procedures are adopted for all civil works contracts costing less than \$40 million. Before the start of any procurement, ADB and the government will review the public procurement laws of the central and state governments to ensure consistency with ADB's Procurement Guidelines (2015, as amended from time to time).

36. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

37. The terms of reference for all consulting services are detailed in Section D.

38. Two teams for providing consultancy services is proposed to be recruited as provided in the procurement plan.

- (i) Project Management Consultant with an estimated 2,941 person-months (9 international, 2,832 national) of consulting services are required to (i) facilitate project management and implementation, and (ii) strengthen the institutional and operational capacity of the executing agency. Consulting firms will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality–cost ratio of 80:20; and
- (ii) Independent Monitoring and review body (called Auditing Body in FIDIC gold book) will be recruited with an estimated 200 person months (12 international and 188 national) for undertaking independent compliance audit of the DBO contracts during Operation Service phase. Consulting firms will be engaged using the quality- and cost-based selection (QCBS) method with a standard quality–cost ratio of 80:20.
- (iii) GIS consultants – 150 person months.

## **C. Procurement Plan**

39. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages is in Appendix 4. As per the proposed procurement plan, one bid package will follow ICB procedures and the remaining 22 bid packages will follow NCB procedures. Procurement of civil works is planned on a performance based Design, Build and Operate (DBO) contracting framework. The bid document is prepared by TA consultants by incorporating the bidding principles from the ADB Large Works (December 2015 Edition) and the general conditions of contract adopted from the FIDIC Gold Book suitably customized for the local needs.

## **D. Consultant's Terms of Reference**

40. The terms of reference for project management consulting services are detailed in Appendix 5.

## VII. SAFEGUARDS

41. The UDHD and MPUDC as the executing agency and implementing agency, respectively, shall be responsible for compliance with ADB Safeguard Policy Statement (SPS) 2009.

### A. Social Safeguards

42. The project loan is classified as category B for involuntary resettlement and category B for indigenous peoples as per ADB Safeguard Policy Statement (2009). The project will cause limited involuntary resettlement impacts. The impacts are mostly temporary during the civil works activities. Limited acquisition on private land will be required only if no government land is available. Most project components are located on the existing facilities or government's land. Schedule tribes are identified in most of project towns and mostly living in specific wards. They will be the beneficiaries of the improvement of water supply facilities. A Resettlement Framework and Indigenous People Planning Framework are available in linked documents of the RRP to provide guidance when preparing mitigation plans for any involuntary resettlement and indigenous people issues identified during the project implementation.

43. One draft resettlement plan and three Due Diligence Report (DDR) were prepared on sample subprojects in accordance with ADB's SPS, 2009, and government laws. The draft resettlement plans will be finalized and submitted to ADB for review, approval, and disclosure during detail design. The PMU and PIU will ensure that any physically or economically affected persons are compensated prior to displacement in components ready for construction. The following are institutional roles and responsibilities to ensure resettlement plans are implemented during design and construction stages. Please refer to Table 13 for Institutional Roles and Responsibilities and Figure 4 for Safeguard Implementation Arrangements.

44. **Project Management Unit.** The PMU will be staffed with two safeguard specialists: (i) Project Officer (Environment); and (ii) Project Officer (Social Safeguard and Gender) and will receive support from environmental and social safeguard specialists on PMC teams. The safeguard specialists will be provided with capacity development and training. Project Officer (Social Safeguard and Gender) will have overall responsibility in implementation of this resettlement framework, including appropriate monitoring and reporting responsibilities. Project Officer (Social Safeguard and Gender) is supported by Social Safeguard Specialist and gender and communication expert of PMC. Key tasks and responsibilities of the PMU Project Officer (Social Safeguard and Gender) are as follows:

- (i) ensure subprojects conform to exclusion criteria;
- (ii) review and finalize subproject involuntary resettlement and indigenous people category;
- (iii) oversee preparation of resettlement plans (RPs)/ Due Diligence Report (DDRs)/ indigenous people plans (IPPs); confirm existing resettlement plans/ DD Rs/ IPPs are updated based on detailed designs, and that new subproject resettlement plans/ DD Rs are prepared in accordance with the resettlement framework and indigenous people planning framework (IPPF) prepared for the project;
- (iv) responsible for issuing the public notice to acquire a particular land/ property for the sub-project along with project information/details as well as the project cut off date;
- (v) ensure that resettlement plans/ DD Rs/ IPPs are included in bidding documents and civil works contracts;

- (vi) ensure that water supply safety plan recommended by the World Health Organization are included in bidding documents and civil works contracts;
- (vii) provide oversight on social safeguard management aspects of subprojects and ensure resettlement plans/ IPPs and impact avoidance measures outlined in the resettlement framework/ IPPF/ environmental management plan / resettlement plans/ IPP/ DDR are implemented by PIU and contractors;
- (viii) ensured and monitor the provision in the contract to include the indigenous people households/ communities/ wards to be the beneficiaries of the facilities constructed under the MPUSIP;
- (ix) facilitate and ensure compliance with all government rules and regulations regarding No Objection Certificates, third party certificates for negotiated settlement or donation, land ownership and transfer details etc. for each site, as relevant;
- (x) supervise and guide the PIUs to properly carry out the social safeguard and gender monitoring (involuntary resettlement/indigenous people/ gender equality and social inclusion [GESI] plan monitoring) as per the resettlement framework/ IPPF/ GESI plan;
- (xi) review, monitor, and evaluate the effectiveness with which the resettlement plans/ IPPs/ provisions of DDRs and GESI plan are implemented, and recommend corrective actions to be taken as necessary;
- (xii) consolidate monthly social safeguard and gender monitoring reports from PIUs and submit semi-annual social safeguard monitoring reports (SSMR) to ADB;<sup>13</sup>
- (xiii) ensure timely disclosure of final resettlement plans/ DDRs/ IPPs in locations and form accessible to the public and affected persons;
- (xiv) address any grievances brought about through the grievance redress mechanism in a timely manner;
- (xv) oversee training needs assessment of affected persons and vulnerable persons by PIUs/ PMC, coordinate training activities and convergence with livelihood programs of the government;
- (xvi) identify training needs and coordinate training activities for the PIUs/ contractors/ community based organizations for capacity building to implement the resettlement plans/ IPP/ DDR, project GRM and Gender Action Plan;
- (xvii) coordinate database management for social safeguards implementation and monitoring; and
- (xviii) coordinate public awareness campaigns by the PIUs including resettlement provisions with the help of print and electronic media.

45. With regard to implementation of gender mainstreaming activities in the project, the responsibilities of the social and gender officer shall include the following:

- (i) as a focal point in PMU for GESI, prepare a detailed implementation plan for GESI actions to be implemented at each ULB/ PIU;
- (ii) ensure training needs identification, development of gender inclusive training material and women participation in view of activities and targets in GESI action plan;
- (iii) oversee along with Benefit Monitoring and Evaluation Officer, the baseline surveys conducted by third party service provider to ensure collection of sex disaggregated data;
- (iv) assist PMU/ MPUDC and PIU in ensuring inclusion of poor settlements in design within the project areas;

---

<sup>13</sup> See Appendix 11 for the outline of the Semi-annual Monitoring Report Template

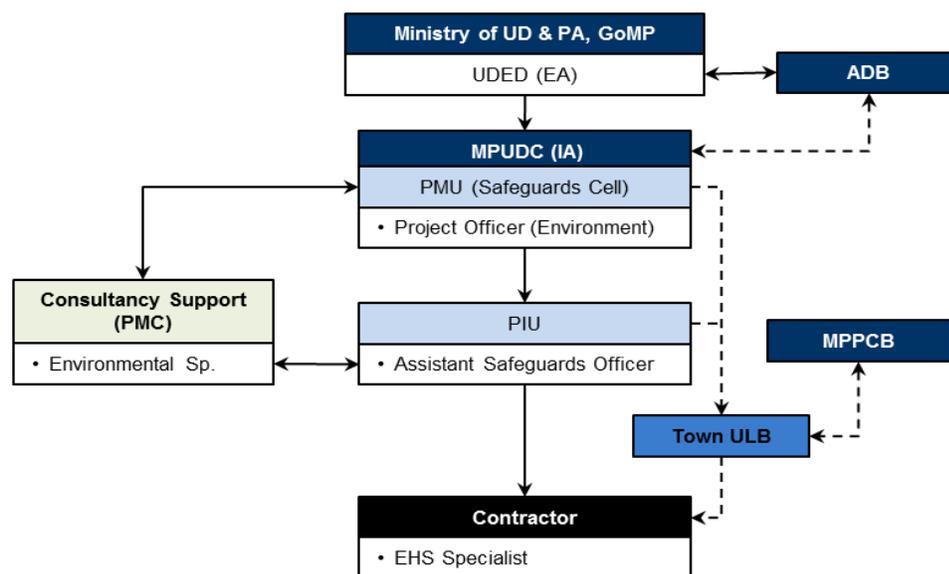
- (v) assist project director in implementation of activities enlisted in GESI action plan
- (vi) assist PMU in strengthening institutional mechanism in UDED such as establishment of gender budget cell and appointment of community development officers, drafting the roles and responsibilities of CDOs;
- (vii) design and demonstrate along with Social and Gender Expert (SGE), capacity building training programs on pro-poor, gender sensitive governance, gender responsive urban service delivery management;
- (viii) along with SGE, train communication assistants and community development officers to conduct community level trainings on participatory planning, monitoring, maintenance of water, sanitation and hygiene;
- (ix) assist PMU to guide ULBs/ PIUs in ensuring women's participation and gender focus in the sub projects;
- (x) assist PMU in establishing linkage with central and state government schemes for the potential poor community members in line with GESI requirements;
- (xi) assist PMU in implementing an evidence based Behaviour Change Communication Program;
- (xii) assist PMU and PIU in constituting Grievance Redressal Committees (GRCs) in each project town as per targets in GESI plan;
- (xiii) review project documents and contracts issued/ signed by PMU/ MPUDC to ensure suitable clauses such as all bidding documents include a clause for the application of core labor standards (including equal pay for men and women for work of equal value) as per the minimum wage circular issued by the government;
- (xiv) monitoring of gender activities as per the gender equality and social inclusion action plan;
- (xv) with the support of benefit monitoring and evaluation officer, ensure regular monitoring and updating of sex disaggregated data;
- (xvi) review monthly monitoring reports to be submitted by PIUs/ ULBs and consolidate/ prepare quarterly progress report on GESI progress to be submitted with project QPR to ADB;
- (xvii) undertake documentation of key gender results, good practices and prepare the gender impact assessment reports for the project which may be used for the project closure report; and
- (xviii) undertake necessary communication with PIU/ ULB/ other departments to ensure social and gender inclusion in the project.

**46. Project Implementation Units.** PIUs will be headed by a Project Manager and supported by PMC. Resettlement Specialist of PMC will assist PIU in implementation of social safeguard related tasks. At each PIU, the assistant project manager will be given additional responsibilities of safeguard tasks and will be designated as Assistant Safeguard Officer (ASO). ASO will be assisted by resettlement specialist of PMC in implementation/ updating of resettlement plan/ due diligence report, public consultation and disclosure, assessment of entitlement and computation of compensation other than those covered under RFCTLARRA, etc. The ASO will assist PMU SSGO in implementation of the following key tasks at PIU level.

- (i) fill up involuntary resettlement/ IP impact checklist and classify the project;
- (ii) conduct census and socio-economic surveys, detailed measurement surveys, and verification surveys of APs, conduct consultations with APs, finalize list of APs prepare/update RP/DDR/IPP with the assistance of PMC, and submit to PMU for review and approval and further submission to ADB;
- (iii) inform APs on (a) the project cutoff date, (b) public notice for schedule of land acquisition/occupation, (c) entitlement matrix, and (d) compensation packages

- against different categories of loss, and tentative schedule of land clearing/ acquisition for starts of civil works activities;
- (iv) coordinate valuation of assets, such as land, trees of various species, etc. Based on proper due diligence and assessment, finalize compensation packages;
  - (v) facilitate the land acquisition and compensation processes in consultation with the district administration; coordinate, supervise and monitor disbursement of compensation;
  - (vi) obtain NOCs, land documents, third party certifications as required for the subproject;
  - (vii) include RPs/ IPPs/ DDRs in bidding documents and civil works contracts;
  - (viii) oversee day-to-day implementation of RPs/ DDRs/ IPPs by contractors, including compliance with all government rules and regulations, take necessary action for obtaining rights of way;
  - (ix) oversee resettlement plan/ DDR/ IPP and GESI plan implementation and maintenance of data for monitoring, by contractors;
  - (x) ensure and monitor the provision in the contract to include the indigenous people households/ communities/ wards to be the beneficiaries of the facilities constructed under the MPUSIP;
  - (xi) take corrective actions when necessary to ensure no adverse social impacts;
  - (xii) submit monthly social monitoring reports to PMU;
  - (xiii) conduct continuous public consultation and awareness;
  - (xiv) address any grievances brought about through the grievance redress mechanism in a timely manner as per the resettlement plans/ DDRs/ IPPs;
  - (xv) organize an induction course for the training of contractors, preparing them on resettlement plan/ DDR/ IPP/ GESI plan implementation, social safeguard and gender monitoring requirements related to mitigation measures, and on taking immediate action to remedy unexpected adverse impacts or ineffective mitigation measures found during the course of implementation;
  - (xvi) liaise with the District Administration and line departments for dovetailing government's schemes for income generation and development programs for affected people, as and when required; and
  - (xvii) assist in the implementation, monitoring and reporting of GESI plan.

47. The PMC resettlement specialist will assist the project officer (Social Safeguard and Gender) in training, social safeguard supervision, monitoring, record keeping and report preparation activities.

**Figure 4: Safeguard Implementation Arrangements**

ADB = Asian Development Bank, EHS = Environment, Health and Safety, GoMP = Government of Madhya Pradesh, MPPCB = Madhya Pradesh Pollution Control Board, MPUDC = Madhya Pradesh Urban Development Company, PIU = project implementation unit, PMU = project management unit, PMC = project management consultants, UDHD = urban development and housing department, ULB = urban local body.

**Table 13: Institutional Roles and Responsibilities**

Activities	Agency Responsible
<b>Sub-project Initiation Stage</b>	
Finalization of sites/alignments for sub-projects	PMU Project Officer (SSG), PIU, Design Consultants/PMC
Disclosure of proposed sub-project details and land acquisition if any, by issuing Public Notice	PIU in coordination with district administration
Meetings at community/ household level with APs	PIU, with PMC RS support
<b>RP/DDR/IPP Preparation/Updating Stage</b>	
Conducting Census of all APs	PIU, DC/PMC RS
Conducting FGDs/ meetings / workshops during SIA surveys	PIU, PMC RS
Computation of Replacement Values of land/properties proposed for acquisition and for associated assets	DM/LA Officer assisted by PIU
Categorization of APs for finalizing entitlements	PMU PO(SSG)
Formulating compensation and rehabilitation measures	PMU PO(SSG), PIU
Conducting discussions/ meetings/ workshops with all APs and other stakeholders	PIU, Design Consultants/PMC RS
Fixing compensation	VC/PMU
Finalizing entitlements and rehabilitation packages	PMU Project Officer (SSG), PIUs
Disclosure of final entitlements and rehabilitation packages	PMU Project Officer (SSG), PIUs
Approval of Resettlement Plan	ADB
Taking possession of land	PIUs
<b>RP Implementation Stage</b>	
Implementation of proposed rehabilitation measures	PMU Project Officer

Activities	Agency Responsible
	(SSG), PIUs
Consultations with APs during rehabilitation activities	PMU Project Officer (SSG), PIUs
Grievance Redressal	PMU Project Officer (SSG)/GRC
Internal Monitoring	PMU Project Officer (SSG)

APs = affected persons, DM= district magistrate; FGD=focus group discussions, GRC = Grievance Redress Committee, PMU = project management unit, SIA=social impact assessment, SSG = Social Safeguard and Gender.

## B. Common Grievance Redress Mechanism

48. A project-specific grievance redress mechanism (GRM) shall be established to receive, evaluate, and facilitate the resolution of affected person's concerns, complaints, and grievances about the social and environmental performance at the level of the project. The following GRM provides a time-bound and transparent mechanism to voice and resolve social and environmental concerns linked to the project.

49. A common GRM will be in place for social, environmental, or any other grievances related to the project. The GRM will provide an accessible and trusted platform for receiving and facilitating resolution of affected persons' grievances related to the project. The multi-tier GRM for the project is outlined below, each tier having time-bound schedules and with responsible persons identified to address grievances and seek appropriate persons' advice at each stage, as required. ULB-wide public awareness campaigns will ensure that awareness on grievance redress procedures is generated through the campaign. Please refer to Figure 5.

50. **Who can complain.** A complaint may be brought by persons who are, or could be, "directly, indirectly, materially, and adversely" affected by the project. A complaint can be submitted on behalf of the affected person/people by a representative, provided that he or she identifies the affected person/people and includes evidence of the authority to act on their behalf.

51. **What the Grievance/ Complain should contain.** Any concerns pertaining to safeguard compliance - environment, involuntary resettlement, indigenous people, design related issues, compensation, service delivery or any other issues or concerns related to the project. The complaint must contain name, date, address/contact details of the complainant, location of the problem area, along with the problem. Sample grievance registration form is at Appendix 12.

52. **Where to file a Complaint.** Complainants will have the flexibility of conveying grievances/ suggestions by dropping grievance redress/suggestion forms in complaints/ suggestion boxes to be installed by project at ULB offices, PIU offices or by e-mail or by writing in a complaints register in the PIU offices or at construction site offices.

53. **How to file a Complaint.** The application should be precise and specific. The application can be sent either by post or through electronic means or deliver personally.

- (i) **Offline System** - The application can be made on the application form available at all accessible places (ULBs/ Office of PIUs/ construction site offices). The application should have the name and complete postal address of the applicant; and
- (ii) **Online System** - Grievances pertaining to the implementation of the project can also be filed online at the website of MPUDC or by e-mails.

54. **Documentation.** Documentation of the complaints is important and must contain name of the complainant, date of receipt of the complaint, address/contact details of the person, location of the problem area, and how the problem was resolved. PMU with the support of PIU will have the overall responsibility for timely grievance redress, and for registration of grievances, related disclosure, and communication with the aggrieved party. All the documents made available to the public at the community level (at ward offices) and will include information on the contact number, address and contact person for registering grievances, and will be disseminated throughout the project area by the PIU.

55. **Grievance/Problem Redress through Participatory Process.** Efforts must be made by the PIU with the support of safeguard consultants to resolve problems amicably, conflicts through participatory process with the community and the ULBs. In case of grievances that are immediate and urgent in the perception of the complainant, the contractor, and supervision personnel from the PIU will provide the most easily accessible or first level of contact for the quick resolution of grievances. Contact phone numbers and names of the concerned staff and contractors, will be posted at all construction sites at visible locations.

56. The following process will be followed:

- (i) **First level grievance.** In case of grievances that are immediate and urgent in the perception of the complainant, PMC supervising staff will direct the contractor to and ensure that it is resolved. If the grievance is not under the contractor scope, but under the project, PMC (field office) will resolve this issue. All the grievances should be resolved within 3 days of receipt of a complaint/ grievance.<sup>14</sup>
- (ii) **Second level grievance.** All grievances that cannot be redressed at first level within 3 days will be brought to the notice of PIU Assistant Safeguard Officer and PMC RS. PIU will review the grievance and act appropriately to resolve it within 10 days of receipt.
- (iii) **Third level grievance.** All the grievances that are not addressed at 2<sup>nd</sup> level by PIU within in 10 days of receipt will be brought to the notice of notice of the Grievance Redressal Committee (GRC).<sup>15</sup> The committee will meet twice a month and determine the merit of each grievance brought to the committee. They will resolve the grievance within 1 month of receiving the complaint. All decisions taken by the GRC will be communicated to the complainant by the Nodal Officer.

57. The project GRM notwithstanding, an aggrieved person shall have access to the country's legal system at any stage, and accessing the country's legal system can run parallel to accessing the GRM and is not dependent on the negative outcome of the GRM. Alternatively, if the grievance is related to land acquisition, resettlement & rehabilitation,<sup>16</sup> the APs can approach the Land Acquisition, Rehabilitation and Resettlement Authority (LARRA). As per the latest Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation, and Resettlement Act, 2013, the state government has established the LARRA to address grievances in implementation of LARRA.

---

<sup>14</sup> See appendix 12 for the sample of grievance redress form.

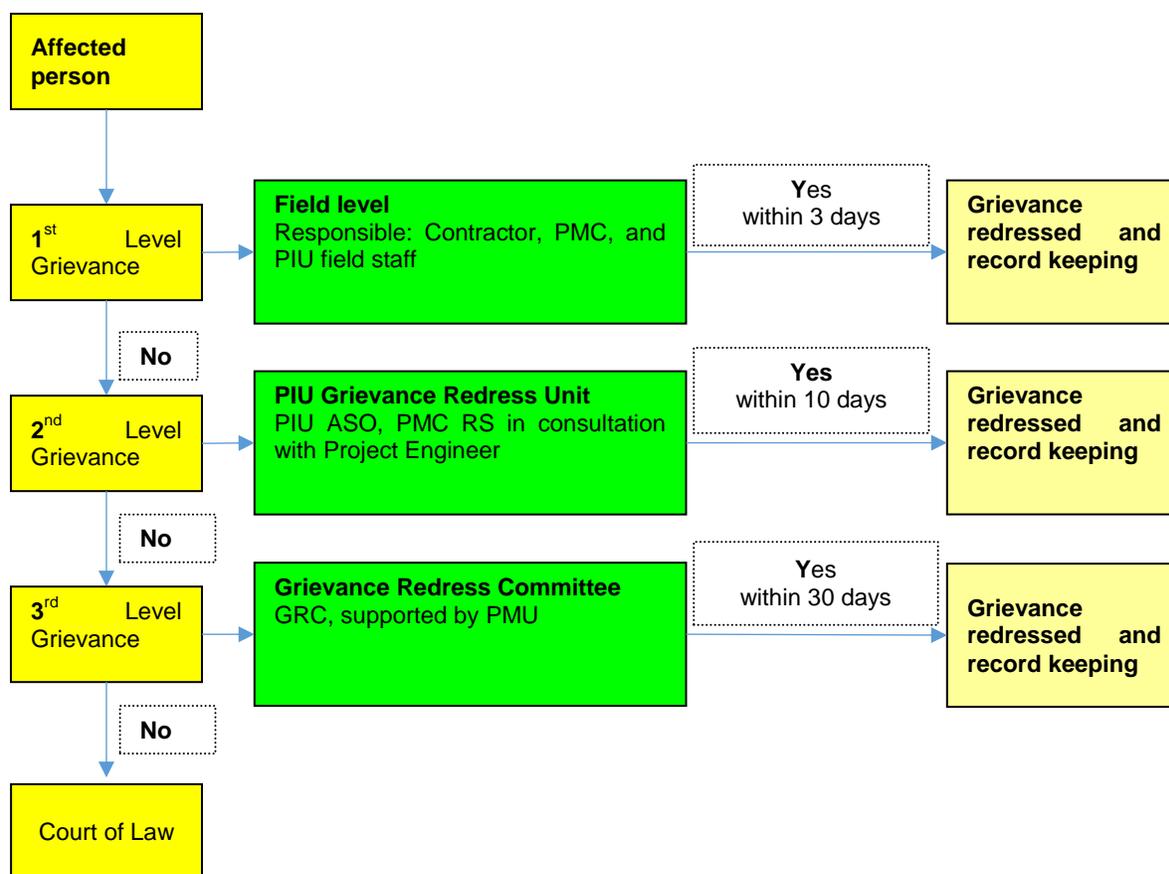
<sup>15</sup> Grievance redress committee (GRC) will be formed at town-level with members composed of: ULB Chairperson, Chief Municipal Officer (CMO), Environmental Specialist of PMC, Social Safeguard Specialist of PMC, PIU Deputy Project Manager and PIU Community Development Officer.

<sup>16</sup> The Authority admits grievance only with reference to land acquisition and rehabilitation and resettlement issues under the new Act.

58. **ADB's Accountability Mechanism.** In the event that the established GRM is not in a position to resolve the issue, the affected person also can use the ADB Accountability Mechanism through directly contacting (in writing) the Complaint Receiving Officer (CRO) at ADB headquarters or the ADB India Resident Mission. The complaint can be submitted in any of the official languages of ADB's developing member countries. Before submitting a complaint to the Accountability Mechanism, it is recommended that affected people make a good faith effort to resolve their problems by working with the concerned ADB operations department (in this case, the resident mission). Only after doing that, and if they are still dissatisfied, they could approach the Accountability Mechanism. The ADB Accountability Mechanism information will be included in the project-relevant information to be distributed to the affected communities, as part of the project GRM.

59. **Record keeping.** Records of all grievances received, including contact details of complainant, date the complaint was received, nature of grievance, agreed corrective actions and the date these were effected and final outcome will be kept by PIU. The number of grievances recorded and resolved and the outcomes will be displayed/disclosed in the PIU office, ULB office and on the web, as well as reported in the semi-annual social and environmental monitoring reports to be submitted to ADB.

**Figure 5: Madhya Pradesh Urban Services Improvement Project Grievance Redress Mechanism**



Note: ASO=Assistant Safeguard Officer, GRC = Grievance Redressal Committee; PMC = Project Management Consultants, PMU = Project Management Unit.

60. All costs involved in resolving the complaints will be borne by the PMU. The GRC will continue to function throughout the project duration.

61. **Capacity Building.** PMU safeguards and gender officer and PIU safeguards focal persons will be further trained by PMC's national social resettlement expert and regional resettlement specialists on safeguards issues of the projects and the project GRM. The targeted participants of the briefings would be PMU staff, design engineers, as well PIU staff. Typical modules would be as follows: (i) introduction and sensitization to ADB SPS on involuntary resettlement and indigenous people policies and requirements resettlement framework and IPPF; (ii) review, updating and preparation of the resettlement plans and IPPs (as required) upon the completion of project detailed design; (iii) improved coordination within nodal departments; (iv) monitoring and reporting system, and (v) project GRM. Briefings on safeguards principles and GRM will also be conducted to the contractors upon their mobilization by PIU safeguards focal persons.

62. **Civil works contracts and contractors.** RPs/ IPPs/ EM are to be included in bidding and contract documents and verified by the PIUs and PMU. The contractor will be required to designate an Environment, Health and Safety (EHS) supervisor to ensure implementation of EMP/ resettlement plan/ entitlement matrix social safeguard provisions in this resettlement framework during civil works, who will also have the responsibility for communication with the public under the guidance of PMU/PIU and grievance registration. Contractors are to carry out all mitigation and monitoring measures outlined in their contract. As the contract is to be procured through build-operate framework, contractor will also be responsible for operation phase safeguard implementation during a 10 year O&M period, after which it will be the responsibility of the respective ULBs to takeover and implement the O&M.

63. The PMU and PIU will ensure that bidding and contract documents include specific provisions requiring contractors to comply with: (i) all applicable labor laws and core labor standards on (a) prohibition of child labor as defined in national legislation for construction and maintenance activities; (b) equal pay for equal work of equal value regardless of gender, ethnicity, or caste; and (c) elimination of forced labor; and with (ii) the requirement to disseminate information on sexually transmitted diseases, including HIV/AIDS, to employees and local communities surrounding the project sites.

### C. Environmental Safeguards

64. The MPUSIP is classified as category B for environmental safeguards as per the ADB SPS, 2009. Initial environmental examination (IEE) conducted for three sample subprojects in the towns of Khajuraho, Rajnagar, Kothri and Sagar demonstrate proposed subprojects are unlikely to have any significant or irreversible impacts. Most of the potential impacts are due to construction in urban area, and are temporary in nature and can be mitigated with simple and proven mitigation measures. No category A type of works (with significant impacts) are anticipated. Subprojects projected to have potentially significant adverse environmental impacts (categorized as A) will not be considered for implementation under MPUSIP.

65. An environmental assessment and review framework (EARF) has been developed to and agreed with ADB to guide subproject selection, screening and categorization, environmental assessment, and preparation and implementation of safeguard plans of subprojects and to facilitate compliance with the requirements specified in ADB SPS, 2009.<sup>17</sup>

<sup>17</sup> The EARF is prepared based on (i) ADB's SPS, 2009, and (ii) national and State of Madhya Pradesh

The EARF is a guiding document during implementation. The EARF (i) describes the proposed subprojects; (ii) explains the general anticipated environmental impacts of the subprojects to be financed under the proposed loan; (iii) specifies the requirements that will be followed in relation to subproject screening and categorization, assessment, and planning, including arrangements for meaningful consultation with affected person and other stakeholders and information disclosure requirements and, where applicable, safeguard criteria that are to be used in selecting subprojects and/or components; (iv) assesses the adequacy of the client's capacity to implement national laws and ADB's requirements and identify needs for capacity building; (v) specifies implementation procedures, including the budget, institutional arrangements, and capacity development requirements; (vi) specifies monitoring and reporting requirements; and (vii) describes the responsibilities of the client and of ADB in relation to the preparation, implementation, and progress review of safeguard documents of subprojects. The subproject selection shall be in accordance with the environmental subproject selection criteria as outlined in this EARF. The framework document will be reviewed regularly and, if necessary, updated during implementation, if indicated by unanticipated new types of impacts (review of applicability and relevance) or if there is any change in legal and regulatory framework. None of the provisions of EARF will be relaxed or lowered in the subsequent revisions and updates.

66. The PMU has experience in implementing multilateral-funded (including ADB) projects however there is no permanent safeguards staff. For MPUSIP, a project officer (Environment) will be engaged in PMU to ensure implementation of environmental safeguards. He/ she will be provided with necessary consultant support, and capacity development and training. In order to ensure compliance with ADB SPS, 2009, UDHD and MPUDC will ensure the implementation of the following requirements and procedures (Table 14) for the project. The most important compliance requirements are: compliance with the exclusion and subproject selection criteria; meeting public consultation and disclosure requirements; ADB approval of IEE prior to invitation of bids; and, obtaining all necessary regulatory clearances and approvals prior to award of bid.

**Table 14: Summary Environmental Safeguard Compliance Requirements**

<b>Project Stage</b>	<b>Compliance Requirements</b>
<b>Prior to loan effectiveness</b>	Environmental management system established in PMU EARF endorsed Project Officer (Environment) appointed in PMU
<b>Project preparation (preliminary &amp; detailed design)</b>	Prepare subproject confirming to subproject environment selection guidelines Subproject confirms to exclusion criteria provided in EARF Subproject confirms to selection guidelines provided in EARF
	Subproject is categorized as per the EARF provisions using REA checklist
	Category A subprojects not considered for funding under MPUSIP
	All the regulatory clearances / approval requirements of subproject identified
	IEE conducted for Category B subprojects Meaningful consultations with stakeholders and affected people conducted, and information disclosed EMP prepared
<b>Bidding process</b>	IEE is approved by ADB prior to bid invitation
	EMP included in the bid
	EMP provisions and compliance requirements as per EARF is explained to bidders in pre-bid meeting
	All the regulatory clearances / approvals are in place for subproject prior to award of

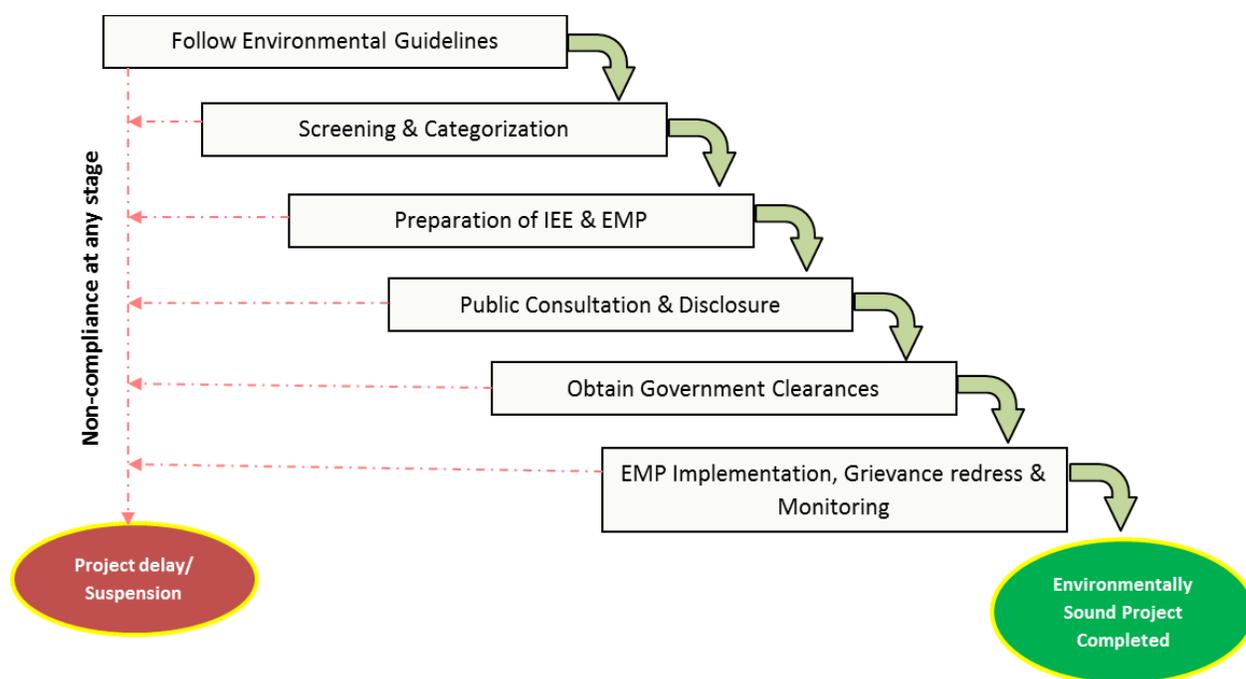
environmental acts, rules, regulations, and standards. All environmental assessment is required to follow the procedures outlined in this EARF. Any component included in the project shall comply with Government of India environmental requirements and ADB's SPS, 2009. The EARF ensures that all subprojects under the MPUSIP, throughout the entirety of their project cycle, will not deteriorate or interfere with the environmental sensitivity of a subproject area, but rather improve environmental quality.

<b>Project Stage</b>	<b>Compliance Requirements</b>
	contract
<b>Construction</b>	GRM established prior to start of construction
	Contractor complied with all pre-construction procedures including preparation of construction health & safety plan, traffic management plan, establishment of labor camps as per the EMP provisions etc.,
	EMP implemented by contractor during construction
	Monitoring conducted by PMU
	Semi-annual EMR submitted to ADB
	All the sites are cleaned up and restored as required prior to issuance of work completion certification to the contractor
<b>Operation</b>	All the operational stage regulatory clearances/ approvals are in place prior to start of operation

ADB = Asian Development Bank, EARF = Environmental Assessment Review Framework, EMP = Environmental Management Plan, EMR = Environmental Monitoring Report, IEE = Initial Environmental Examination, GRM = Grievance Redress Mechanism, PMU = Project Management Unit, REA = rapid environmental assessment.

67. The following charts Figure 6 show the process of Environmental Assessment.

**Figure 6: Process of Environmental Assessment**



EMP = environmental management plan, IEE = initial environmental examination.

68. **Project Management Unit.** The PMU will be staffed with two safeguard specialists: (i) Project Officer (Environment) and (ii) Social & Gender Officer and will receive support from environmental and social safeguard specialists on PMC teams. The Project Officer (Environment) will have overall responsibility in implementation of this EARF, including appropriate monitoring and reporting responsibilities. He/She is supported by Environmental Specialist of PMC. Key tasks and responsibilities of the PMU Project Officer (Environment) are as follows:

- (i) Ensure subprojects confirms to exclusion criteria;
- (ii) Review and finalize subproject environmental category;
- (iii) Oversee preparation of IEEs; confirm existing IEEs/EMPs are updated based on detailed designs, and that new subproject IEEs/EMPs are prepared in accordance with the EARF;
- (iv) Ensure that EMPs are included in bidding documents and civil works contracts;
- (v) provide oversight on environmental management aspects of subprojects and ensure EMPs are implemented by PIU and contractors;
- (vi) provide oversight on environmental management aspects of subprojects and ensure EMPs are implemented by PIUs and contractors;
- (vii) Facilitate and ensure compliance with all government rules and regulations regarding site and environmental clearances, as well as any other environmental requirements (e.g., location clearance certificates, environmental clearance certificates, etc.), as relevant;
- (viii) Supervise and provide guidance to the PIUs to properly carry out the environmental monitoring as per the EARF;

- (ix) Review, monitor, and evaluate the effectiveness with which the EMPs are implemented, and recommend corrective actions to be taken as necessary;
- (x) Consolidate monthly environmental monitoring reports from PIUs and submit semi-annual monitoring reports to ADB (see the format in Appendix 11);
- (xi) Ensure timely disclosure of final IEEs/EMPs in locations and form accessible to the public; and
- (xii) Address any grievances brought about through the grievance redress mechanism in a timely manner.

69. **Project Implementation Units.** The PIUs will be headed by a project manager and are supported by PMC. Environmental Specialist of PMC will assist PIU in implementation of environmental safeguard related tasks. At each PIU, the assistant project manager will be given additional responsibilities of safeguard tasks and will be designated as Assistant Environmental Officer (ASO). ASO will be assisted by Environmental Specialist of PMC in preparation/review of IEE Report, public consultation and disclosure, implementation of EMP, etc. The ASO will assist PMU PO (Environment) in implementation of the following key tasks at PIU level.

- (i) fill up REA checklist and classify the project;
- (ii) conduct IEE and prepare IEE, and submit to PMU for review and approval and further submission to ADB;
- (iii) obtain government clearance/approvals as required for the subproject;
- (iv) include IEEs/EMPs in bidding documents and civil works contracts;
- (v) oversee day-to-day implementation of EMPs by contractors, including compliance with all government rules and regulations, take necessary action for obtaining rights of way;
- (vi) oversee environmental monitoring by contractors;
- (vii) take corrective actions when necessary to ensure no environmental impacts;
- (viii) submit quarterly environmental monitoring reports to PMU;
- (ix) conduct continuous public consultation and awareness;
- (x) address any grievances brought about through the grievance redress mechanism in a timely manner as per the IEEs; and
- (xi) organize an induction course for the training of contractors, preparing them on EMP implementation, environmental monitoring requirements related to mitigation measures, and on taking immediate action to remedy unexpected adverse impacts or ineffective mitigation measures found during the course of implementation.

70. **Civil works contracts and contractors.** EMPs are to be included in bidding and contract documents and verified by the PIUs and PMU. The contractor will be required to designate an Environment, Health and Safety (EHS) supervisor to ensure implementation of EMP during civil works. Contractors are to carry out all environmental mitigation and monitoring measures outlined in their contract. As the contract is to be procured through build-operate framework, contractor will also responsible for operation phase EMP implementation during the 10 year O&M period, after which it will be responsibility of the respective ULB to take over and implement the O&M.

71. The contractor will be required to submit to PMU, for review and approval, a site environmental management plan (SEMP) including (i) proposed sites/locations for construction work camps, storage areas, hauling roads, lay down areas, disposal areas for solid and hazardous wastes; (ii) specific mitigation measures following the approved EMP; (iii) monitoring program as per SEMP; and (iv) budget for SEMP implementation. No works are allowed to commence prior to approval of SEMP.

72. A copy of the EMP/approved SEMP will be kept on site during the construction period at all times. The EMP included in the bid and contract documents. Non-compliance with, or any deviation from, the conditions set out in this document constitutes a failure in compliance.

73. The PMU and PIU will ensure that bidding and contract documents include specific provisions requiring contractors to comply with: (i) all applicable labor laws and core labor standards on (a) prohibition of child labor as defined in national legislation for construction and maintenance activities; (b) equal pay for equal work of equal value regardless of gender, ethnicity, or caste; and (c) elimination of forced labor; and with (ii) the requirement to disseminate information on sexually transmitted diseases, including HIV/AIDS, to employees and local communities surrounding the project sites.

74. **Prohibited investment activities.** Pursuant to ADB's SPS 2009, ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the ADB SPS 2009.

## VIII. GENDER AND SOCIAL DIMENSIONS

### A. Gender and Social Inclusion Strategy

75. The project is classified as 'effective gender mainstreaming' (EGM). A poverty and social analysis has been completed.<sup>18</sup> Refer to Summary Poverty Reduction and Social Strategy in the Linked Document. Water supply improvements in the project towns will increase women's access to piped water especially in poor areas. During project implementation, particular efforts will be made for due representation of women, socially excluded and other poor and vulnerable groups so that the design has features that maximize the benefits of infrastructure created for women and the poor. A GESI action plan is prepared with clear targets, responsibilities, and resource allocation (Appendix 6, the GESI action plan). Following approaches will be adopted to ensure gender equality results as defined in the GESI Plan.

### B. Institutional Strengthening

76. Capacities of MPUDC, participating Urban Local Bodies (ULBs) and service utilities will be enhanced in contract management, gender responsive urban service delivery including institutional reforms and O&M of assets which will facilitate long term sustainability of services. Training and learning material on socially inclusive and gender responsive O&M services and urban service management will be developed. A Gender Budget Cell will be established in UDHD to institutionalize gender in economic governance (as per the mandate of the Department of Expenditure, Ministry of Finance, Government of India). Equal employment opportunities will be provided for women in the project activities across project units/ offices PMU/ULBs/PMC targeting at least 25% women representation.

77. To support community actions, community development officers (CDOs) will be appointed (50% women) in all target project towns/ ULBs as per Model Municipal Structure and grievance redressal committees (GRCs) will be constituted in each project towns with 30% women representation. Community groups/ neighborhood networks with 50% women

---

<sup>18</sup> Summary of Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2 of RRP).

representation will be formed in poor settlements. Learning material will be prepared for communities on participatory planning, monitoring and maintenance of water, sanitation & hygiene. The members of the community groups/ neighborhood networks will be trained on participatory planning and community monitoring and involved in project activities.

### **C. Gender Sensitive Behavior Change Communication**

78. A gender sensitive behavior change communication (BCC) plan has been prepared. The PMC will help the MPUDC to prepare town wise action plan for implementation. The BCC plan will be implemented in project towns with 50% women/girls' participation. The plan will focus on water use efficiency, hygiene behavior and practices. This builds upon the existing knowledge of the poor communities regarding hygiene practices and will encourage them to practice the knowledge, help improve water use efficiency, hygiene behavior and practices. The implementation of the BCC plan will also help to reduce any resistance to project activities and avoid conflicts that may occur during planning, construction and operation by mitigating political, social, economic, technical and even commercial constraints. Outreach Project will be organized in schools on water, sanitation, health and hygiene issues with at least 50% girls participation. Community consultations will be conducted for adoption of rationalized tariff and financing structure for water supply and sanitation at slum level in each project town with equal participation of women.

### **D. Enhancing livelihood opportunities and skills**

79. Skills enhancement/ livelihood training will be organized by MPUDC for employment/income opportunities especially in O&M of assets created in project utilities and linkages established with on -going income generating and livelihood related opportunities for women.

### **E. Project management**

80. Gender focal point will be designated in MPUDC and assigned the responsibility overseeing gender mainstreaming activities in the project including the GESI action plan. The Social & Gender Officer (SGO) at the PMU will be responsible for timely implementation of GESI activities in the project. He/She will coordinate with the PMC, PIU and ULBs and other project utilities and ensure that all GESI activities are implemented, monitored and reported on the GESI monitoring and reporting format (Appendix 7) as an annexure to the project quarterly progress report. The SGO will also ensure that sex disaggregated data is collected, monitored and reported for all beneficiary related parameters. He/She will also ensure that the PPMS have gender indicators including sex-disaggregated data. Gender and Communication expert and communication assistants will be recruited in PMC under the project and provide support to the SGO.

81. Core labor standards having relevant clauses such as equal pay for work of equal value, occupational health and safety, disclosure signage and separate sanitation facilities for women labor will be incorporated in contract documents and monitored.

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

### A. Project Design and Monitoring Framework

82. The Design Monitoring Framework has been provided as Appendix 8.

### B. Monitoring

83. **Project Performance Monitoring.** Within 6 months of loan effectiveness, the PMU will establish Project Performance Management System using targets, indicators, assumptions and risks in DMF. The baseline data corresponding to indicators and targets set out in DMF will be gathered during detail design stage, disaggregated by income levels, sex and ethnicity as appropriate. The baseline data for output and outcome indicators gathered during Project processing will be updated and reported quarterly through quarterly progress reports prepared by MPUDC, and for each ADB review mission. These quarterly reports will provide information necessary to update ADB's project performance reporting system. (see the format in Appendix 10)

84. **Compliance monitoring.** Status of compliance on loan covenants - Policy, legal, financial, safeguards including gender and others will be monitored regularly by EA and during the ADB review missions and reported on a quarterly basis in the Quarterly Progress Report of the project prepared by MPUDC and in the Aide Memoires of review Missions.

85. **Safeguards monitoring.** Monitoring and reporting of the implementation on safeguards requirements and procedures will be prepared by MPUDC. The project management unit (PMU) will undertake internal monitoring of safeguard covenants' compliance to be included in the quarterly/semiannually project progress report. The PMU with assistance of PMC will consolidate periodic environmental and social monitoring reports from project implementation units (PIUs) and submit semi-annual monitoring reports to ADB (see the format in Appendix 11). Relevant Safeguard Managers in the PIUs will supervise design and construction works and facilitate preparation of all safeguard documents. Details on environmental social safeguards are in safeguard frameworks (environmental assessment and review framework (EARF); resettlement framework and evaluate compliance of Investment Project activities with the ADB's SPS 2009.

86. **Gender and social dimensions monitoring.** The GESI plan will be implemented and monitored by MPUDC/ UDHD. The gender focal point in MPUDC will oversee gender mainstreaming activities in the project. The Social & Gender Officer (SGO) at the PMU will ensure that all activities are implemented, monitored and reported. The GESI implementation progress will be reported in the GESI monitoring and reporting format with the quarterly progress reports of the Project. (see the format in Appendixes 6 and 9). The progress on GESI plan implementation will be closely reviewed and monitored at each ADB review Mission.

### C. Evaluation

87. The government and ADB will jointly review the progress of the project at least twice a year. The review will include (i) the performance of the PMU, PIUs, participating local authorities, consultants and contractors; (ii) compliance to safeguard requirements; (iii) physical progress of subprojects; (iv) effectiveness of capacity building projects for local authorities and other stakeholders; (v) implementation of GESI Plan; (vi) compliance to loan covenants; and

(vii) assessment of subproject sustainability in technical and financial terms and other aspects of the project. The government and ADB will undertake a comprehensive midterm review in the third year of the project implementation to identify problems and constraints encountered and workout measures to address them. Specific items to be reviewed include (i) appropriateness of scope design, implementation arrangements and schedule of activities; (ii) assessment of implementation pace and achievements against project indicators; (iii) effectiveness of capacity building projects for local authorities and other stakeholders; (iv) need for additional support for successful implementation of projects and operation and maintenance of assets created; (v) compliance to safeguard requirements; (vi) progress of GESI Plan; (vii) lessons learnt, good practices potential for replication; (viii) assess requirements of changes in implementation arrangements and procedures for tackling impediments in the project; (ix) fixing targets for balance period of the project to cover up the time overruns; and (x) any issue which requires to be attended for timely completion of the project.

88. Within 6 months of physical completion of the project, UDHD will submit a project completion report to ADB.<sup>19</sup>

#### **D. Reporting**

89. The UDHD will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (see the format in Appendix 10) (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for the next 12 months; and (iii) a project completion report within 6 months of physical completion of the project. To ensure that projects will continue to be both viable and sustainable, project accounts and the executing agency audited financial statement together with the associated auditor's report, should be adequately reviewed.

#### **E. Consultation and Participation Strategy and Plan**

90. The project intends to maximize transparency by communicating relevant information of the project to the stakeholders in various means (detailed Community Awareness and Participation Plan is in Appendix 9):

- (i) The MPUDC will set up a project specific website within 6 months from the loan effectiveness and disclose all key project-related information, include the scope, cost and financial and institutional arrangements of the project, important project documents including that of safeguards including the IEE reports, resettlement plans, procurement plan and project progress. All notices Inviting bids and notices inviting proposals for services to be notified in the website. The website will also include information on project procurement including the list of participating bidders, name of each winning bidder, basic details on bidding procedures adopted, value of each contract awarded and the list of the value of goods / services procured and intended utilization of Loan proceeds under each contract being awarded. The website shall also include general information on the project and contact details of the main staff of the executing agency in english and local language. The website will also be linked to ADB's Integrity Unit website at <http://www.adb.org/Integrity/complaint.asp> for reporting to ADB any

<sup>19</sup> Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

- grievances or allegations of corrupt practices arising out the project and /or project activities;
- (ii) The Borrower shall cause executing agency to ensure that all project staff are fully aware of ADB's procedures, including, but not limited to, procedures for implementation, procurement, use of consultants, disbursements, reporting, monitoring and prevention of fraud and corruption;
  - (iii) All PIUs and the participating local authorities will also fully disclose relevant project related information such as subproject name and cost, information on bidding, contractor's name, contract price, progress of construction through public briefing and bulletin boards. The Project's Communication Awareness and Participation Plan (CAPP) is in Appendix 9; and
  - (iv) A Grievance Redressal Mechanism (GRM) is also displayed in all offices of the Project, (PMU, PIUs, Consultant's office etc.), subproject sites, offices of the Local Authorities and offices of stakeholder organization (UDHD).

## **X. ANTICORRUPTION POLICY**

91. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.<sup>20</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.<sup>21</sup>

92. To support these efforts, relevant provisions are included in the loan agreement and the bidding documents for the project. The following additional measures are instituted.

- (i) The MPUDC will disclose to the public, and update annually the current status of the Project and how the proceeds of the facility are used;
- (ii) For each contract financed under the project, MPUDC will disclose on their website information on, among others, the: (a) list of participating bidders; (b) name of the winning bidder; (c) basic details on bidding procedures and procurement methods adopted; (d) amount of contract awarded; (e) list of goods/services, including consulting services procured; and (f) intended and actual utilization of the facility proceeds;
- (iii) Furthermore, the project intends to maximize transparency as indicted in the earlier section. Full information disclosure and participatory monitoring at both the central and the local levels are expected to be effective in reducing the risk of corruption and improving governance at central and local levels; and
- (iv) Within 6 months of the project effectiveness, the PMU shall finalize the grievance redressal mechanism, acceptable to ADB, and ensure that there is appointed an officer, with the requisite capacity in each of PIUs and PMU to resolve and act upon, both independently and expeditiously complaints and grievances or reports from stakeholders on misuse of funds and other irregularities relating to the project ore specific subprojects in each local authority, and project activities in PMU and PIUs including but not limited to grievances due resettlement and environmental issues. PMU and each PIU will create awareness amongst the

<sup>20</sup> Anticorruption Policy: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>21</sup> ADB's Integrity Office web site: <http://www.adb.org/integrity/unit.asp>

stakeholders of their right to submit complaints or grievances relating to the Project.

## **XI. ACCOUNTABILITY MECHANISM**

93. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>22</sup>

## **XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL**

94. All revisions and/or updates during the course of implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the PAM, including revision to contract awards and disbursement S-curves.

---

<sup>22</sup> Accountability Mechanism. <http://www.adb.org/Accountability-Mechanism/default.asp>.

## APPENDIX 1: SUBPROJECT SELECTION CRITERIA

### A. Eligible Local Urban Bodies and Subprojects

1. Unless otherwise agreed by Asian Development Bank (ADB), only urban local bodies (ULBs) listed in Appendix 1 of project administration manual will be eligible for financing under the project, provided that such ULBs have met the readiness requirement. Such ULBs will have minimal overlap with cities and components funded from other development partners (e.g., World Bank, JICA, KFW etc.)

### B. Eligible Subprojects under Output 1

2. The following items are eligible for physical investment under the project:

- (i) water supply infrastructure in all towns– comprising raw water intakes, water treatment plants, overhead tanks, distribution networks, and the metered household connections;
- (ii) in the towns without possible surface water resource, the eligible subsectors also include the ground water intake, pumps, and approved ground water recharge facilities including rain water detention; and
- (iii) sewage and storm-water collection and treatment system in two national heritage towns of Khajuraho and Rajnagar.

3. Subprojects not listed in the above are generally not accepted, but may be approved under special circumstances if the needs are clearly justified.

### C: Subproject Selection and Approval Process under Output 1

4. Based on the ULBs requirement, the implementing agency will prepare a feasibility report /detailed project report (DPR), which may include all or any of the above water services components. This shall be based on the current level of services, the needs and preference of stakeholders, the financial and institutional capacity of the implementing agencies, and the norms and standards prescribed by state and central authorities. 64 towns have been selected which follow:

- (i) **Water resource allocation.** Subprojects should have reliable and sustainable source of water with allocations granted from the State Water Resources Department and raw water extraction shall be such that it has least impact on other existing users and also no social impacts from submergence. The Water Resource Review Committee should approve the amount and the location of the water intake;
- (ii) **Technical feasibility.** The technical design or DPR should be sound and approved by the Technical Review Committee as the most appropriate techno-economic solutions considering full lifecycle costs;
- (iii) **Economic and financial returns.** Subprojects should demonstrate an effective economic internal rate of return following ADB guidelines. Subprojects should demonstrate cost-effectiveness in comparison with alternative schemes, and where relevant, these would include assessments of the investments with and without future climate resilience measures;
- (iv) **Financial state of the Urban Local Bodies.** The overall financial health of the ULBs will be assessed in terms of own revenue as a proportion of total revenue, and trend of dependence on state/national government. The ULBs with proposed

- subprojects shall be in line with the finance-plus criteria set forth by DEA, Government of India;
- (v) **Land availability.** The implementing agency shall make available encumbrance-free land for the executing agency for implementing the works. Any land acquisition activities should be fully complied with the approved resettlement framework and involuntary resettlement plan should be completed before award of related contract;
  - (vi) **Operation and maintenance.** Inadequate budgetary allocation for operation and maintenance (O&M) will result in physical neglect of a subproject. The ULBs should demonstrate financial sustainability for payment of O&M costs and servicing debt through user fees and/or taxes (i.e., property taxes) and any committed operating subsidies from GoMP if found necessary due to high cost of operations resulting from geographical location;
  - (vii) Minimal number of contract packages by taking an integrated procurement approach. ADB prefers larger contract packages, to extent feasible. This helps in reducing administrative and transaction costs during project implementation; and
  - (viii) A tripartite agreement on the obligations and rights for each side of the project has been prepared for the ULB, the GoMP and MPUDC. Only the ULBs which sign the tripartite agreement should be considered for the project financing. The agreement is attached as Appendix 1 of Linked document of Subproject Selection Criteria.<sup>1</sup>

5. All subprojects will have to prepare necessary environmental and social safeguard documents (i.e., resettlement plans, initial environmental examinations, indigenous people's plans) as required, in accordance with the Investment Program's environmental and social safeguard frameworks:

- (i) **Gender.** Subproject design shall include gender and pro-poor features both in terms of planning and design (i.e., community participation) and implementation. Examples include improving access to services to women and urban poor, affordability, and institutional arrangements of utility/ULB for O&M (e.g., women staff), to extent feasible;
- (ii) **Environmental impact.** Environmental assessment will be undertaken for all subprojects. The MPUDC will undertake preliminary screening using rapid environmental assessment checklist ensuring compliance with specific environmental criteria for subproject selection. Subprojects assessed to have significant environmental impacts (category A) will not be undertaken. For subprojects having environmental impacts, an initial environmental examination for category B) will be prepared following the environmental assessment and review framework agreed upon between ADB and the government. For subprojects not having environmental impacts (category C), a due diligence report will be prepared; and
- (iii) **Involuntary resettlement.** The MPUDC and ULBs will screen involuntary resettlement impacts of proposed subprojects. Subprojects assessed to have significant resettlement impacts (category A)<sup>2</sup> will not be undertaken. For

<sup>1</sup> Accessible from the list of linked documents.

<sup>2</sup> The involuntary resettlement impacts of an ADB-supported project are considered significant (category A) if 200 or more persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating).

subprojects having involuntary resettlement impacts<sup>3</sup> (category B),<sup>4</sup> a resettlement plan will be prepared following the resettlement framework agreed upon between ADB and the government. For subprojects not having involuntary resettlement impacts (category C),<sup>5</sup> a due diligence report will be prepared.

- (iv) **Indigenous Peoples.** MPUDC and ULBs will screen indigenous peoples impacts of proposed subprojects. Subprojects assessed to have significant indigenous people impacts (category A)<sup>6</sup> will not be undertaken. For subprojects having some/limited impacts on indigenous people (category B), an Indigenous People Plan will be prepared following the indigenous people planning framework agreed upon between ADB and the government. For subprojects not having IP impacts (category C), indigenous people due diligence report will be prepared or included in a specific section of land acquisition due diligence report prepared for the subproject.

#### D. Technical Selection Criteria

6. The following outlines the technical criteria as guidelines for the selection of subprojects:
- (i) **Water supply.** Water supply subprojects shall ensure source sustainability, continuous pressurized supply at tap, universal coverage with metered house service connections, have an agreement for fixation of an appropriate volume based water tariff, show willingness to pay by consumers, ensure coverage of urban poor and establish a ring-fenced accounting system. Households can be required to pay for connection but cost would be covered by the project, and recovered by the municipality either through a "cess" on the monthly utility bill or property taxes or other special financing vehicle suitable to the municipality. Water conservation measures to be introduced where feasible;
  - (ii) Storm water drainage and flood management subprojects shall focus on core economic and residential areas considering future rainfall under climate change scenarios. Projects can include waterbody restoration and interconnections with existing drainage. Focus should be on maximum impact (e.g., macro drainage to be give preference vis-à-vis street drains);
  - (iii) Sewerage and septage subprojects shall ensure 100% house connections, collection, treatment, and reuse using appropriate technologies, consider treated effluent and byproducts as sources of revenue, and comply with effluent disposal standards. Households can be required to pay for connection but cost would be covered by the project, and recovered by the municipality either through a "cess" on the monthly utility bill or property taxes or other special financing vehicle suitable to the municipality. Projects can include centralized and decentralized systems (or combination of both) to ensure full coverage of households and fecal sludge management in unserved/remote/isolated areas;
  - (iv) Climate change related considerations should be given in design of water supply infrastructure where in the levels of structures are suitably designed; and

<sup>3</sup> Apply for both permanent and temporary physical and economic displacements and for titled and non-titled land users/ project affected people.

<sup>4</sup> If it includes involuntary resettlement impacts that are not deemed significant.

<sup>5</sup> When no impacts (both permanent or temporary) are identified by the project team.

<sup>6</sup> The significance of impacts of an ADB-supported project on Indigenous Peoples is determined by assessing (i) the magnitude of impact in terms of (a) customary rights of use and access to land and natural resources; (b) socioeconomic status; (c) cultural and communal integrity; (d) health, education, livelihood, and social security status; and (e) the recognition of indigenous knowledge; and (ii) the level of vulnerability of the affected Indigenous Peoples community.

- (v) The sanitation components are also to be designed in respect of 'climate-change resilience' perspectives where in the levels of structures are suitable designed.

## **E. Planning and Design considerations for adapting to climate change risks**

7. **Subprojects adapting to climate change risks.** (i) proper non-revenue water reduction methods will be applied in upgrading and expanding the water supply system in Sagar and Makronia towns; (ii) adequate underground water recharging approaches will be implemented in four towns where the ground water is drinking water resource; and (iii) the sewage and storm water management systems will be integrated in two national heritage tourist towns to minimize the flood risks (Khajuraho and Rajnagar).

8. **Water supply.** (i) production well: upper well casing to be extended vertically by 0.5 meters (m) from highest flood level (HFL); (ii) intake, pump houses, and water treatment plant: key facilities to be elevated or protected by embankment of which crest level will be at least 0.5 m above HFL; (iii) implement ground water recharge in the towns when ground water is the resource for drinking water; (iv) surface material would preferably be cement concrete where structures are vulnerable to frequent water logging in the water treatment plants; and (v) at least 15% extra reinforcement of overhead tanks to stand more intense cyclones and heavy winds.

9. **Septage and drainage.** (i) septic tanks or pits: to be raised by at least 0.2 m above existing ground level; and (ii) climate change may result in an increase of 10% in terms of rainfall intensity in the coming few decades. Therefore, the design of drains shall consider a 10% added capacity to accommodate additional run-off due to increased rainfall intensity.

10. **Other facilities.** Necessary measures will be taken to mitigate risks (particularly from flooding) of damages to key facilities, such as selection of appropriate location, elevation of base of the facilities, and protection by embankment.

11. **ADB review.** The MPUDC submits to ADB for approval the standard design build operate bidding document of the first water supply and drainage subprojects, together with the checklist to demonstrate compliance with the selection criteria, when (i) detailed designs are prepared, and (ii) safeguard documents are prepared. The MPUDC will submit to ADB for review the following contract packages before bidding.

12. ADB shall not finance in respect of any subproject that fails to satisfy the selection criteria set out in this Appendix.

## APPENDIX 2: LIST OF PROJECT TOWNS AND COMPONENTS

S.No	Package No	Towns	Basic Parameters			
			WTPS		Pipeline	House connections
			No	Capacity 1,000m <sup>3</sup> /day	km	Nos
1	1A	Boda	1	1.5	23.000	2,091
2		Kurawar	1	4,7	63.000	3,378
3		Kothri	-	-	42.000	2,496
4	1B	Amla	1	3.6	68.430	6,612
5		Betul-Bazar	1	1.15	22.930	2,612
6		Bhainsdehi	1	1.5	53,145.000	2,530
7		Sarni	1	20	123.990	21,863
8	1C	Bankhedi	-	-	83.600	5,380
9		Sohagpur	1	5.5	210.500	5,789
10	2A	Betma	1	2.16	54.660	3,035
11		Depalpur	1	4.6	36.144	3,334
12		Goutampura	1	2.1	30.900	2,672
13	2B	Pansema	1	1.2	14.000	3,200
14		Rajpur	1	1.5	75.000	3,600
15		Karahi-Padlya khurd	1	1.72	42.000	1,805
16		Kasrawad	-	-	49.000	4,136
17	2C	Dhamnod	1	5.1	69.680	6,162
18		Mandav	-	-	72.260	2,564
19	2D	Bhavra	1	1.6	53.770	1,079
20		Meghnagar	1	2.3	22.630	671
21		Petlawad	1	1.2	34.840	552
22	3A	Athana	1	1	16.630	1,503
23		Kukdeswar	1	1.7	35.320	2,656
24		Nayagoan	1	1.15	12.980	1,757
25		Sarwaniya Maharaj	1	1.4	19.180	1,938
26		Nagri	1	1.15	23.190	1,449
27	3B	Susner	1	2	41.640	2,724
28		Pankhedi(Kalapipal)	1	2	39.650	3,114
29		Maakdon	1	2.25	45.620	2,700
30	4A	Akoda	1	1.7	54.338	1,340
31		Alampur	1	1.43	49.336	1,700
32		Daboh	1	2.45	54.778	3,050
33		Mihona	1	2.26	58.050	2,438
34		Phuphkan	1	1.65	42.784	1,820
35	4B	Bhind	-	-	327.000	12,740
36	4C	Gohad	1	17.8	135.500	6,900
37	4D	Isagarh	-	-	26.121	5,606
38		Aron				
39		Bairad	1	2.54	97.800	3,400
40		Karera	1	5.7	70.500	6,213
41		Pichhore	1	3.0	38.700	4,053
42	4E	Antari	1	1	22.700	1,362
43		Bilaua	1	1.5	44.255	1,980
44		Pichhore	1	1.56	46.700	1,960
45	5A	Barhi	1	3.5	58.410	4,684
46	5B	Katangi	1	27	420.670	11,860
47		Bhedaghat				
48		Majholi				
49		Panagar				
50		Patan				

S.No	Package No	Towns	Basic Parameters			
			WTPS		Pipeline	House connections
			No	Capacity 1,000m <sup>3</sup> /day	km	Nos
51		Sihora				
52		Tendukheda				
53	6A	Khajuraho	1	10	200.000	9,900
54		Rajnagar				
55	6B	Sagar	1	5.4	285.163	61,764
56		Makroniya			150.000	82,510
57	6C	Rahatgarh	1	7	49.000	7,890
58	6D	Buxwaha	1	1.3	36.800	2,470
59		Hatta	1	3.5	12.700	7,875
60		Pawai	1	3.7	35.800	3,581
	6E	Khajuraho WW		drainage		
		Rajnagar WW		drainage		
61	7A	Mauganj	1	8.3	118.995	6,698
62	7B	Jaithari	1	1.2	30.150	2,424
63		Khand	1	1.5	62.370	2,632
64		Chandia	1	2	43.660	3,866

**APPENDIX 3: PLANNED CAPACITY BUILDING PROGRAMS AND WORKSHOPS UNDER OUTPUT 3**

No	Content	Participants	Number	Venue	Days	Fee	Travel	Per-Diem	Total(US\$)	Schedule
1	Water supply operations and maintenance	ULB Engineers	20	International	15	1000	2500	200	130,000	Q2/2019
2.	Water supply planning and operations	ULB Engineers	120	National	3	15000	5000	10000	30,000	Q3/2019
3	Non-Revenue Water Control	ULB Engineers	10	International	10	1000	2500	200	55,000	Q3/2018
4	Contract management in FIDIC contracts	MPUDC PMU and PIU staff	20	National	3	300	1000	100	32,000	Q1/2017
5	Study visit to 24x7 water supply utilities	ULB public representatives	60	National	5	300	1000	100	108,000	Q3/2017
6	Water supply commercial and customer services	ULB Engineers	10	International	10	1000	2500	200	55,000	Q2/2018
7	Smart water management	ULB Engineers	20	International	10	1000	2500	200	110,000	Q4/2018
8	Financial management	MPUDC Staff	10	National	5	300	1000	100	18,000	Q4/2017
9	Wastewater operations and maintenance	ULB Engineers	10	National	5	300	1000	100	18,000	Q4/2019
10	IWA/AWWA/WEFTEC conventions	ULB and MPUDC Staff	20	International	10	500	2500	200	100,000	2017/2018
11	Contingencies		5%						32,600	
	Total budget								688,600	

## APPENDIX 4: PROCUREMENT PLAN

### Basic Data

<b>Project Name:</b> Madhya Pradesh Urban Services Improvement Project (MPUSIP)	
<b>Project Number:</b> 42486	<b>Approval Number:</b>
<b>Country:</b> INDIA	<b>Executing Agency:</b> Urban Development and Housing Department (UDHD), Government of Madhya Pradesh
<b>Project Procurement Classification:</b> B	<b>Implementing Agency:</b> Madhya Pradesh Urban Development Company Limited (MPUDC)
<b>Procurement Risk:</b> Moderate	
<b>Project Financing Amount:</b> \$ 398.4 million <b>ADB Financing:</b> \$275 million <b>Cofinancing (ADB Administered):</b> non <b>Non-ADB Financing:</b> \$123.4 million	<b>Project Closing Date:</b> 31 December 2022
<b>Date of First Procurement Plan:</b> 27 August 2016	<b>Date of this Procurement Plan:</b> 27 August 2016

### A. Methods, Thresholds, Review and 18-Month Procurement Plan

#### 1. Procurement and Consulting Methods and Thresholds

Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$40,000,000 and above	Prior Review required
International Competitive Bidding for Goods	\$10,000,000	Prior Review required
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	Prior Review required
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods	Prior Review required
Shopping for Works	Below \$100,000	First two packages subject to prior review, thereafter post review.
Shopping for Goods	Below \$100,000	First two packages subject to prior review, thereafter post review.

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	Prior Review required
Least-Cost Selection <sup>5</sup>	Prior Review required
Individual Consultants Selection for Individual Consultant	Prior Review required

## 2. Goods and Works Contracts Estimated to Cost \$1 Million or More

The following table lists goods and works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months under output 2.

Package Number	General Description	Estimated Value million \$ <sup>a</sup> (million INR)	Procurement Method	Review (Prior/ Post)	Bidding Procedure	Advertisement Date (quarter/ year)	Comments
MPUSIP – 1A	Water Supply Improvement in Boda, Kurawar and Kothari.	8.70 (582.5)	NCB	Prior	1S2E	Q3 /2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs approved.
MPUSIP - 1B	Water Supply Improvement in Amla, Betul- Bazar i and Sarni.	20.3 (1358.6)	NCB	Prior	1S2E	Q1/2017	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs in process of approval.
MPUSIP - 1C	Water Supply Improvement in Bankhedi and Sohagpur.	8.50 (570.70)	NCB	Prior	1S2E	Q3/2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs in Progress
MPUSIP – 2A	Water Supply improvements in Betma, Depalpur and Goutampura.	10.20 (682.10)	NCB	Prior	1S2E	Q1/2017	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs in Progress.
MPUSIP – 2B	Water Supply improvements in Pansemal, Rajpur, Karhi Padlya, and Kasrawad	14.20 (948.40)	NCB	Prior	1S2E	Q3/2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs in Progress
MPUSIP – 2C	Water Supply improvements in Dhamnod, and Mandav	9.50 (638.60)	NCB	Prior	1S2E	Q1/2017	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs in Progress
MPUSIP – 2D	Water Supply improvements in Bhavra, Meghnagar and Petlawad	8.80 (589.60)	NCB	Prior	1S2E	Q3/2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs in Progress
MPUSIP – 3A	Water Supply Improvement in Athana, Kukdeswar, Nayagoan, Sarwania- Maharaj and Nagari.	9.60 (642.20)	NCB	Prior	1S2E	Q3/2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs approved. Bid invited.

Package Number	General Description	Estimated Value million \$ <sup>a</sup> (million INR)	Procurement Method	Review (Prior/ Post)	Bidding Procedure	Advertisement Date (quarter/ year)	Comments
MPUSIP – 3B	Water Supply Improvement in Susner, Pankhedhi and Makdon.	8.20 (549.70)	NCB	Prior	1S2E	Q3/2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs approved. Bid invited.
MPUSIP– 4A	Water Supply Improvement in Akoda, Alampur, Daboh, Mihona and Phuphkalan.	13.50 (906.60)	NCB	Prior	1S2E	Q3/2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs approved. Bid invited.
MPUSIP – 4B	Water Supply Improvement in Bhind	18.00 (1206.70)	NCB	Prior	1S2E	Q3/2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs in Progress
MPUSIP – 4C	Water Supply Improvement in Gohad	17.40 (1164.70)	NCB	Prior	1S2E	Q1/2017	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs in Progress
MPUSIP- 4D	Water Supply Improvement in Isagarh, Aron, Bairad, Karera, Pichhore and Vijaypur	17.30 (1161.00)	NCB	Prior	1S2E	Q1/2017	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs in progress
MPUSIP– 4E	Water Supply Improvement in Antri, Bilaua and Pichhore	5.90 (393.10)	NCB	Prior	1S2E	Q3/2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs in Progress
MPUSIP – 5A	Water Supply Improvement in Barhi	4.40 (291.60)	NCB	Prior	1S2E	Q2/2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs completed, Bid invited.
MPUSIP – 5B	Water Supply Improvement in Katangi, Bhedaghat, Majholi, Panagar, Patan, Sihora and Tendukhera.	33.00 (2210.40)	NCB	Prior	1S2E	Q1/2017	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs in progress.
MPUSIP – 6A	Water Supply Improvements in Khajuraho and Rajnagar	9.60 (645.40)	NCB	Prior	1S2E	Q2/2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Bid invited.

Package Number	General Description	Estimated Value million \$ <sup>a</sup> (million INR)	Procurement Method	Review (Prior/ Post)	Bidding Procedure	Advertisement Date (quarter/ year)	Comments
MPUSIP -6B	Water Supply Improvement to Sagar and Makronia	59.90 (4013.60)	ICB	Prior	1S2E	Q1/2017	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs in Progress.
MPUSIP- 6C	Water Supply Improvement in Rahatgarh	4.40 (296.50)	NCB	Prior	1S2E	Q3/2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Bid invited.
MPUSIP- 6D	Water Supply Improvement in Baxwaha, Hata and Pawai.	9.90 (665.50)	NCB	Prior	1S2E	Q3/2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Bid invited and no bids received. Rebidding proposed.
MPUSIP- 6E	Waste Water Management in Khajuraho and Rajnagar.	7.40 (496.30)	NCB	Prior	1S2E	Q1/2017	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Designs to be done.
MPUSIP- 7A	Water Supply Improvement in Mauganj	8.10 (544.00)	NCB	Prior	1S2E	Q3/2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Bid invited but no bid received, rebid proposed.
MPUSIP- 7B	Water Supply Improvement in Jaithari, Khand and Chandia.	7.60 (512.40)	NCB	Prior	1S2E	Q3/2016	Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Works Comments: Bid invited, no bid received. Rebid proposed.

<sup>a</sup> Conversion Rate - One USD \$ = INR 67

### 3. Consulting Services Contracts Estimated to Cost \$100,000 or More

The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value Million \$ (INR Million)	Recruitment Method	Review (Prior/ Post)	Advertisement Date (quarter/ year)	Type of Proposal	Comments
MPUSIPP MC 01	Program Management Consultancy	6.44 (431.25)	QCBS	Prior	04/2015	FTP	Consultants were mobilized in September 2016. (80% of cost is under output 1, 20% is under output 2)
MPUSIP GIS 02	Developing GIS and calibration and operating and updating	1.29 (86.25)	QCBS	Prior	01/2019	FTP	Output 1
MPUSIP - AB 03	Independent Body for monitoring operating service	1.89 (126.5)	QCBS	Prior	01/2019	FTP	Output 2

FTP = full technical proposal, STP= simplified technical proposal

#### 4. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

The following table groups smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Goods and Works								
Package Number <sup>6</sup>	General Description	Estimated Value	Number of Contracts	Procurement Method	Review [Prior / Post/Post (Sampling)]	Bidding Procedure	Advertisement Date (quarter/ year)	Comments
MPUS IP VE SEP- 01	Vehicles related to septage Management	0.7 (47)	01 (with lots if applicable)	NCB	Post	1S2E	Q2/2018	Output 3
MPUS IP EQ SEP 01	Equipment related to Septage management	0.5 (34)	01 (with lots as applicable)	NCB	Post	1S2E	Q2/2018	Output 3
MPUS IP EQ IT 01	Computers and related equipment for Local Authorities – MPUSIP	0.4 (27)	01	NCB	Post	1S2E	Q2/2018	Output 3

<b>Goods and Works</b>								
<b>Package Number<sup>6</sup></b>	<b>General Description</b>	<b>Estimated Value</b>	<b>Number of Contracts</b>	<b>Procurement Method</b>	<b>Review [Prior / Post/Post (Sampling)]</b>	<b>Bidding Procedure</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
	(Capacity Building)							
MPUS IP SW IT 02	Software related to capacity building activities	0.4 (27)	01	NCB	Post	1S2E	Q2/2018	Output 3
MPUS IP – AC 01	Awareness Campaign workshops	0.4 (27)	-	PMU – Expenditure	Post		2017 - 2020	ADB considers PMU estimates sent initially and issues a PCSS number. Expenditure is reimbursed through this PCSS number Output 3
MPUSIP – CB 01	Capacity Building workshops and exposure visits	0.7 (47)	-	PMU – Expenditure	Post		2017 - 2020	ADB considers PMU estimates sent initially and issues a PCSS number. Expenditure is reimbursed through this PCSS number in the category related to Output 3
MPUSIP GIS SW 01	GIS software and related items – MPUSIP	0.4 (27)	01	NCB	Post	1S2E	Q2/2018	Output 3
MPUSIP GIS EQ 02	GIS related equipment	0.4 (27)	01	NCB	Post	1S2E	Q2/2018	Output 3

1S2E= single stage two envelopes

Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior / Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
None								

**B. Indicative List of Packages Required Under the Project**

The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Comments
None							

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior/Post)	Type of Proposal	Comments
None							

**C. List of Awarded and On-going, and Completed Contracts**

The following tables list the awarded and on-going contracts, and completed contracts.

**1. Awarded and On-going Contracts**

Goods and Works							
Package Number	General Description	Estimated Value	Awarded Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments
None							

<b>Consulting Services</b>							
<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value</b>	<b>Awarded Contract Value</b>	<b>Recruitment Method</b>	<b>Advertisement Date (quarter/year)</b>	<b>Date of Approval of Contract Award</b>	<b>Comments</b>
None							

## 2. Completed Contracts

Goods and Works								
Package Number	General Description	Estimated Value	Contract Value	Procurement Method	Advertisement Date (quarter/ year)	Date of ADB Approval of Contract Award	Date of Completion	Comments
None								

Consulting Services								
Package Number	General Description	Estimated Value	Contract Value	Recruitment Method	Advertisement Date (quarter/ year)	Date of ADB Approval of Contract Award	Date of Completion	Comments
None								

## D. Non-ADB Financing

The following table lists goods, works and consulting services contracts over the life of the project, financed by Non-ADB sources.

Goods and Works				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Comments
None				

Consulting Services				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Comments
None				

Note: \$1 = INR67 is the reference rate considered for conversion.

## E. National Competitive Bidding

## 1. Regulation and Reference Documents

1. The procedures to be followed for national competitive bidding shall conform to the provisions prescribed in the *Procurement Guidelines 2006 for Goods and Works* issued in January 2006 by the National Procurement Agency, and the specific procedures prescribed by the *Procurement Manual* issued in March 2006, with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the ADB Procurement Guidelines.

## **2. Procurement Procedures**

### **a. Eligibility**

2. The eligibility of bidders shall be as defined under Section I of ADB's Procurement Guidelines (2015, as amended from time to time) (the "Guidelines"); accordingly, no bidder or potential bidder should be declared ineligible for reasons other than those provided in Section I of the Guidelines.

### **b. Registration and Sanctioning**

3. Registration is acceptable under the following conditions:

- (i) Bidding shall not be restricted to pre-registered firms under the national registration system of the Institute for Construction, Training and Development (ICTAD), and such registration shall not be a condition for the submission of bids in the bidding process.
- (ii) Where registration is required prior to award of contract, bidders: (i) shall be allowed a reasonable time to complete the ICTAD registration process; and (ii) shall not be denied registration for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.
- (iii) National sanction lists or blacklists may be applied only with prior approval of ADB.

### **c. Prequalification**

4. Prequalification is discouraged for NCB. When used, particularly for works contracts, an individual prequalification exercise is acceptable for each contract as is the use of a registration system (or approved standing list) of contractors based on criteria such as experience, financial capacity, and technical capacity. Foreign bidders from eligible countries must, however, be allowed to register and to bid without unreasonable cost or additional requirements.

### **d. Advertising**

5. The posting of NCB specific notices for contracts valued at less than \$1 million on ADB's website is not required but is highly recommended.

### **e. Preferences**

6. The following shall be observed:

- (i) No preference of any kind shall be given to domestic bidders or for domestically manufactured goods.
- (ii) Foreign suppliers and contractors from ADB member countries shall be allowed to bid, without registration, licensing, and other government authorizations, leaving compliance with these requirements for after award and before signing of contract.

**f. Participation by Government-Owned Enterprises**

7. Government-owned enterprises in the Democratic Socialist Republic of Sri Lanka shall be eligible to participate only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the procuring entity, or the Project Executing Agency or Implementing Agency.

**g. Rejection of Bids and Rebidding**

8. Bids shall not be subjected to a test for unrealistic rates. No lowest evaluated and substantially responsive bid shall be rejected on the basis of comparison to rates, including but not limited to market, historical, or agency established rates, without prior approval of ADB.

9. Bids shall not be rejected and new bids solicited without the ADB's prior concurrence.

**h. Price Negotiations**

10. Price negotiation shall be allowed only where the price offered by the lowest evaluated and substantially responsive bidder substantially exceeds costs estimates. Approval of ADB is required prior to any negotiation of prices.

**3. Bidding Documents**

**a. Acceptable Bidding Documents**

11. Procuring entities shall use standard bidding documents acceptable to ADB for the Procurement of Goods, Works and Consulting Services, based ideally on the standard bidding documents issued by ADB.

**b. Bid Security**

12. Where required, bid security shall be in the form of a certified check, a letter of credit or a bank guarantee from a reputable bank.

**c. ADB Policy Clauses**

13. A provision shall be included in all NCB works and goods contracts financed by ADB requiring suppliers and contractors to permit ADB to inspect their accounts and records and other documents relating to the bid submission and the performance of the contract, and to have them audited by auditors appointed by ADB.

14. A provision shall be included in all bidding documents for NCB works and goods contracts financed by ADB stating that the Borrower shall reject a proposal for award if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question.

15. A provision shall be included in all bidding documents for NCB works and goods contracts financed by ADB stating that ADB will declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by ADB, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt,

fraudulent, collusive, coercive or obstructive practices or any integrity violation in competing for, or in executing, ADB-financed contract.

## APPENDIX 5: TERMS OF REFERENCE FOR PROJECT MANAGEMENT CONSULTANCY ASSIGNMENT

### A. Background

#### 1. Introduction:

1. Government of Madhya Pradesh (GoMP) through the Government of India has applied for a loan with the Asian Development Bank (ADB) for the proposed Madhya Pradesh Urban Services Improvement Project (MPUSIP), referred further as 'the project'.

2. The entire project envisages to deliver:

- (i) **Output 1: Water supply infrastructure in 64 project towns and integrated storm water and sewage infrastructure in two towns improved.** This will include (i) construction of water supply facilities, using DBO model, in all project towns (the facilities will include raw water intakes, water treatment plants, overhead tanks, and distribution networks including the metered household connections); (ii) construction of sewage and storm water management systems in two national heritage tourist towns (Khajuraho and Rajnagar); and (iii) the project implementation capacity strengthening. Based on the geographic location and the size, subprojects in project towns have been grouped into 23 procurement packages to achieve the economies of scale for the contract purposes. Surface water is the source in 60 towns, while groundwater is the source in the remaining four towns. In the four towns dependent on groundwater, the project will support recharge of groundwater and monitor sustainable use of groundwater;
- (ii) **Output 2: Systems to ensure sustained urban infrastructure operation and management established in all project towns.** This will include engagement of operators on performance-based, long-term O&M contracts and the monitoring and independent review of the service. After the construction (expected to be completed in 2 years), the contractors of the civil works packages will continue to operate and provide continuous water supply service for project towns for a period of 10 years. ADB will partially finance the O&M cost during the project period. MPUDC will pay the contractors the O&M cost on a monthly basis in both fixed fee and performance-linked variable fees according to the contract agreement. The contractor will ensure proper metering and billing, ensure adequate water pressure is maintained, and ensure supplied water complies with national standards for drinking water. The operator will also ensure that the services are responsive and ensure high customer satisfaction. The ULB's obligations include timely setting and adjusting the tariffs, collection of revenue, and managing the defaulters for ensuring cost recovery and fund management for ensuring timely payments to the contractors by MPUDC. After the O&M period of 10 years is completed, the water supply asset will be handed over to the ULBs. The contractor will also train the ULB staff so that adequate capacities are built in the ULBs to operate the transferred assets; and
- (iii) **Output 3: Capacity of MPUDC, ULBs and consumers in 64 project towns improved.** This will include (i) setting up of geographic information system (GIS)-based asset management and service delivery monitoring system; (ii) develop

information technology systems in 15 ULB to assist them in the day-to-day management; (iii) improvement of septage management in project towns through implementation of sanitation safety plans; (iv) capacity building of MPUDC and the project towns on managing the DBO contracts, and building up own operation capacity for managing the assets after the contract completion; and (v) conduct awareness-raising activities on water environmental protection, climate and disaster risks, and hygiene in project towns.

3. The project will improve water supply services in about 64 towns, among which two towns (Khajuraho and Rajnagar) are also proposed with drainage and storm water collection system. The project content also includes non-physical investments in the participating local bodies as mentioned above.

4. The project implementation comprises of three periods of (i) preparatory and procurement Period; (ii) construction Period and (iii) operations and maintenance Period. The contract is planned on performance based design, build and operate (DBO) framework.

5. The project preparatory activities have commenced with the preparation of design and procurement of consultants required for the project. The loan agreement with the ADB is expected to be concluded during fourth quarter of the 2016. (calendar year).

6. As per the preliminary estimates the proposed Project is expected to cost about \$399 million.

## 2 Indicative Project Components

7. The indicative activities are as mentioned below:

**Table A5.1: Project Components**

Interventions	Summary details
Water supply infrastructure in 64 project towns and integrated storm water and sewage infrastructure in two towns improved	(i) construction of water supply facilities, using DBO model, in all project towns (the facilities will include raw water intakes, water treatment plants, overhead tanks, and distribution networks including the metered household connections); (ii) construction of sewage and storm water management systems in two national heritage tourist towns (Khajuraho and Rajnagar); and (iii) strengthening of the project implementation capacity;
Systems to ensure the sustained urban infrastructure operation and management established in all project towns	7/24 water supply service for sixty-four towns and drainage management for two towns are provided through various performance based DBO contracts, which includes O&M for 10 years. ADB will partially finance the O&M cost during the loan period;
Capacity of MPUDC, ULBs and consumers in 64 project towns improved.	(i) setting-up of geographic information system (GIS)-based asset management and service delivery monitoring system; (ii) development of information technology systems in 15 ULB to assist them in the day-to-day management; (iii) improvement of septage management in project towns through implementation of sanitation safety plans; (iv) capacity building of MPUDC and the project town ULBs on managing the DBO contracts, and building up own operations capacity for managing the assets after the contract completion (at least 30% participants from ULBs are women); (v) capacity building of the grievance redressal committees (at least 30% women); and (vi) raising community awareness about water conservation, environmental protection, and hygiene practices in the project towns (at least 50% are women beneficiaries).

### **3. Project Organization**

#### **Implementing Arrangements**

8. The State's Urban Development and Housing Department (UDHD) will be the executing agency and the Madhya Pradesh Urban Development Company Limited (MPUDC) will be the implementing agency.

9. A central project management unit (PMU) attached to MPUDC will be responsible for implementing the project. The PMU will be supported by eight project implementation units (PIUs) strategically located with a flexibility to redeployment depending upon the implementation requirements. The PMU is functioning and PIUs will be staffed at the earliest.

10. The PMU and PIUs will be supported by several teams of Design Consultants in preparation of preliminary engineering designs. Water Resource Review Committee (WRRC) is constituted to undertake a thorough review of the source when recommended by the Design Consultant in regard to techno-economic feasibility and sustainability especially ensuring climate change resilience, and Technical Review Committee (TRC) to review and approve the preliminary designs developed by the Design Consultants. Project Management Consultant (PMC) centrally located in PMU and with field teams located in PIUs shall be responsible for implementation of the Project.

11. The project is currently supported by the project preparatory technical assistance (TA) consultants who are preparing the overall scope and design of the project.

12. Two Empowered Committees - an Empowered Committee cum Executive Committee and a Technical Clearance and Tender Committee have been constituted by the government to be responsible for effective and timely implementation of the project.

13. All infrastructure contracts will be procured through performance-based contracts (PBCs) and are likely to include design build-operate [DBO] framework. The project implementation shall be carried out in accordance to the project administration manual (PAM) in conformity to the accepted principles embodied in ADB's Procurement and Project Safeguard Policies.

### **4. Project Implementation Phasing**

14. The project implementation is divided into three phases of (i) preparatory and procurement phase; (ii) construction phase and (iii) operation and maintenance phase.

- (i) Preparatory and Procurement Phase (up to 1 year): This phase includes the period during which the key activities comprise of review of preliminary design reports, procurement of all water supply projects and developing and instituting all safeguard systems and protocols, and establishing monitoring systems, preparing project operations manual, financial management plan and developing protocols for monitoring the achievement of results and compliance to project safeguard systems;
- (ii) Construction Phase (up to three years): This shall include the period of detailed design and construction of work for water supply and sewerage projects and the project commences service delivery to the beneficiary population. The key activities of PMC are as described in above sections and mainly include detailed

design and construction of works (for water supply and sewerage projects and the project will commence service delivery to the beneficiary population. The key activities shall comprise of review and finalization of designs and contract management for ensuring effective and timely implementation of project content including compliance with requirement of safeguards; periodical monitoring of achievement of results, project financial management and policy support comprising of advising the GoMP on tariff requirements for ensuring cost recovery and developing asset management plans; and

- (iii) Operations and Maintenance (O&M) Phase (up to 4 years): This phase shall include operation and maintenance of water supply and sewerage schemes. The key activities during this phase shall comprise of continued monitoring and reporting achievement of results, financial management and monitoring the compliance to project safeguards and continued contract management and monitoring for ensuring effective and efficient service delivery.

## **B. Objectives of the Assignment**

15. In addition to inputs from local design consultants, about 3000 person-months of international and domestic consulting input (includes international key experts; national key and non-key experts) to be engaged through a firm will be required for 4 years to cover construction and initial operation period with main objectives as follows:

- (i) contribute to the successful planning, design, implementation and operation of the project through the provision of support to the project management offices (PMOs) (which shall include the PMU and PIU) and project implementing agencies (which shall include the executing agency, implementing agencies and the participating ULBs);
- (ii) strengthen the planning, engineering, operation and management, and financial capacities of the PMOs and, in particular, the IAs through institutional development by way of on-the-job and external training; and
- (iii) assist in the monitoring of environmental, social, and financial commitments.

16. The project management consultant shall be responsible for successful and timely implementation of the project. The PMC shall have one central team located in PMU and four field teams each located in an identified PIU. The roles and responsibilities of the PMC are grouped into following distinct activities.

- (i) preparatory and detailed engineering;
- (ii) procurement and bid management;
- (iii) contract management including construction supervision, quality control, measurements and payment certification of all infrastructure works, operations and maintenance of schemes;
- (iv) progress monitoring and reporting;
- (v) project safeguards system compliance;
- (vi) assist the executing agency and implementing agency in design, procurement, contract management, supervision and quality control of implementation of non-physical investments;
- (vii) project management and monitoring including progress reporting, results verification and assistance in risk mitigation;
- (viii) financial management and disbursement planning; and
- (ix) policy advisory and capacity building support.

**C. Scope of Services, Tasks (Components) and Expected deliverables**

**1. Scope of Services:**

17. The scope of services envisaged includes but are not limited to the following:

**a. Preparatory and detailed engineering**

18. Preparatory and detailed engineering tasks of the PMC shall include but not limited to:

- (i) undertaking team mobilization, office set up, developing reporting protocols and formats;
- (ii) familiarizing with the project area, project towns, stakeholders, on-going programs, meeting with Design Consultants, understanding of locally applicable laws and rules; understanding the local practice of water supply;
- (iii) submitting the Inception Report;
- (iv) help to review the preliminary engineering reports and cost estimates prepared by design consultants and identifying any issues which need additional attention of employer;
- (v) assist or guide the design consultant in ensuring optimization of performance of existing water and sanitation assets by suitably retrofitting and de-bottlenecking
- (vi) updating preliminary engineering reports technical details, costs and financial analysis as required;
- (vii) guiding the design consultants in undertaking design revisions to comply to the sustainability of source, standard design criteria, and ADB safeguard policies;
- (viii) facilitate the water Resource Review Committee (WRRRC) and Technical Review Committee's work;
- (ix) advise the PMOs on technical matters including engineering design of the components, construction supervision and start up, testing, and commissioning of component works;
- (x) identifying specific issues which require statutory clearances from respective authorities, preparation of necessary applications and setting in motion the approval process;
- (xi) preparing procurement and implementation plans for each cluster with disaggregated plans for each town;
- (xii) reviewing model bidding documents provided by the PPTA team and identifying any specific issues to be addressed in customizing the model documents for the specific cluster of towns;
- (xiii) developing quality assurance plan for both onsite and off-site quality assurance;
- (xiv) providing advice and guidance to the PIUs and contractors and its subcontractors on guidelines for program implementation and management in general;
- (xv) preparing simple and easy to understand notes and presentations in local language and organize effective communication with the ULBs and other stakeholders; and
- (xvi) assisting the PMU/MPUDC during ADB review missions as required.

**b. Procurement and bid management**

19. Procurement tasks of the PMC will include but not be limited to:

- (i) packaging of contracts based on the progress of the design and field requirements;
- (ii) preparing bidding documents for procurement of eligible contractors for undertaking performance based build-operate contracts;
- (iii) assisting the PMU in bid process management, collating bid queries and preparation of clarifications, developing and obtaining approval for evaluation criteria, assisting in bid evaluation and advise on award of works upon reviewing of clearances on safeguards requirements; and
- (iv) developing scope of services and preparation of appropriate bidding documents for hiring the services of third party quality control services.

**c. Contract Management**

20. Contract management tasks of the PMC with regards technical issues will include but not be limited to:

- (i) acting as the Employer's Representative in the DBO Contract;
- (ii) undertaking the proof check of the contractor's detailed engineering designs;
- (iii) assigning duties and delegate authority to field engineers appointed to inspect, supervise and/or test items of plant and/or materials and/or workmanship or monitor the provision of the operation service;
- (iv) issuing instructions to the contractor through PIU or other designated authority by the employer, which may be necessary for the execution of the works and the remedying of any defects, all in accordance with the contract;
- (v) scrutinizing the contractor's detailed work program and guide the contractor in preparation of supervision schedule / work plan for each package;
- (vi) scrutinizing construction methods proposed by the contractor including environmental; safety, personnel and public issues;
- (vii) monitoring the construction method by assessing the adequacy of the contractor's input materials, labor, equipment and construction methods;
- (viii) reviewing the quality assurance plan proposed by the contractor including verification of source of material and certification;
- (ix) carrying out necessary quality control activities and certify that the quality of works conforms to the specifications and drawings;
- (x) monitoring the progress of activities in construction of the various contract packages for achieving the expected outputs of the program;
- (xi) recording the work measurement and certify the contractor's interim and final bills of payment subject to provisions of check measurement/ bills by the PIU or the other designated authority by employer;
- (xii) undertaking progress monitoring of construction, onsite and offsite quality control services, and field measurements and witnessing the performance tests;
- (xiii) verifying contractor's invoices and assisting PMU in release of timely payments;
- (xiv) assisting third party inspections, if necessary, as decided by the employer;
- (xv) reviewing and finalizing the "as built" drawings submitted by the contractor;
- (xvi) assisting the employer in issue of completion certificates;
- (xvii) assisting in resolution of all contractual issues including examining the contractor's claims for variations / extensions or additional compensations, etc. and preparing recommendations for approval by the employer;
- (xviii) verifying the performance of the works and service delivery at appropriate periodical intervals during defect liability period and certifications issue;

- (xix) supervising quality sampling by the contractor during operating service as part of the water quality surveillance program;
- (xx) supervising periodical water and energy audits undertaken by the contractor and informing the PMU and PIU in advance on likelihood of risk of increase in non-revenue water and energy consumption;
- (xxi) monitoring the customer complaints and informing the PMU and PIU in initiating corrective/curative actions in times of persistent default by the contractor;
- (xxii) assisting the PIUs and PMU in implementing the Program's grievance redressal mechanism and providing advice on any correction/improvement when required;
- (xxiii) checking the periodical service delivery plan prepared by the contractor and assisting the PMU in approving the same; and
- (xxiv) Contract management of third party service providers including off-site quality control agency, local safeguard implementation or monitoring agencies, GIS service provider and all such agencies.

#### **d. Project Safeguards System Compliance**

21. The key activities of PMC with regards safeguards issues are grouped into three categories, (i) Resettlement, (ii) Environment and (iii) social and gender and are detailed below.

#### **e. Project Safeguards – Involuntary Resettlement & Indigenous People**

22. Assist PMU and PIUs in implementation the project in compliance with (i) the ADB Safeguard Policy Statement, 2009, on Involuntary Resettlement and Indigenous People, Project's RF and IPPF and (ii) ensuring that the contractors (including their sub-contractors) design, construct and operate the project facilities in compliance with the RF and IPPF. Detailed tasks of PMC include, but not limited to, the following:

23. Scope of works for the Preparatory and Procurement Period are:

- (i) conduct PMU and PIU staff sensitization with the requirements and actions for compliance to Project Resttlement Framework and IPPF;
- (ii) assist PMU and PIU in preparing subproject categorization on IR and IP impacts;
- (iii) support PMU in preparing stakeholder Community Awareness and Participation Plan (CAPP) as a part of project preparation and implementation strategy;
- (iv) screen projects and ensure that components are not located in socially sensitive areas that will cause significant permanent involuntary resettlement and significant impacts on Schedule Tribe/ Schedule Caste Communities.
- (v) undertake field visits and work in close coordination with Design Consultants, PMU, PIUs and ULBs to ensure considerations regarding social risks and impacts are made and included in project location, design and technical specifications, to avoid or minimise the social impacts to the extent possible;
- (vi) review proposed subprojects and appraise PMU and PIU accordingly on extent of impacts on communities, especially poor, vulnerable and scheduled tribes/ scheduled castes families;
- (vii) review or prepare social safeguard documents including due diligence report (DDR), involuntary resettlement plans and Indigenous People Plan (IPP), when required, specific to each subproject;
- (viii) organize public consultation with the affected parties in local language and record the proceedings;

- (ix) carry out baseline surveys and implement the requirements of agreed RF and IPPF especially concerning to the activities such as land acquisition, resettlement plan and/or plans for Schedule Tribes/ Schedule Caste communities) , if;
- (x) assist the respective PIUs and ULBs and the Land Revenue Officer at the PMU/MPUDC in any land acquisition process including all related issues of public consultation, compensation mechanism and any other necessary actions;
- (xi) Verify the status of land ownerships of the project sites and linear alignments for distributions/network components and rights of way (RoW) based on the land revenue records with support from a Land Revenue Officer; and
- (xii) Assist PMU and PIUs in the establishment and dissemination of grievance redressal committee (GRC) and project GRM including training to the appointed GRC members;

24. The scope of work during Detailed Design Engineering phase are:

- (i) prepare, update social safeguard documents including due diligence report (DDR) involuntary resettlement plans and Indigenous People Plan (IPP), when required, specific to each subproject;
- (ii) assist the respective PIUs and ULBs and the Land Revenue Officer at the PMU/MPUDC in any land acquisition process including all related issues of public consultation, compensation mechanism and any other necessary actions;
- (iii) verify the status of land ownerships of the project sites and linear alignments for distributions/network components and rights of way (RoW) based on the land revenue records with support from a Land Revenue Officer;
- (iv) verify the eligibility of land donation activities, if any, for the project with the engaged independent third party to validate that the donation transactions have met the resettlement framework and IPPF principles and requirements;
- (v) preparing terms of reference (TOR), identification and assisting relevant authorities in engaging the services of an independent third party for validation of land/assets donation activity and its reporting requirements;
- (vi) organize public consultation with the affected parties in local language and record the proceedings;
- (vii) ensure that public disclosure of the DDR, resettlement plan and IPP, if required, is in local language and appropriate means of communication that that can be understood by the affected households and project beneficiaries;
- (viii) assist PIUs/ULBs to ensure formal and timely announcement of project cut-off dates in the project sites;
- (ix) assist the PMU/PIU in ensuring the required fund for required safeguards mitigation plans;
- (x) submit the updated DDR, resettlement plan /IPP for PMU for submission to ADB for review and endorsement prior implementation;
- (xi) assist PMU/ PIU to ensure the completion of resettlement plan/IPP implementation prior to the start of civil works/ contract award; and
- (xii) assist the PIU in reporting the completion of resettlement plan/IPP implementation to PMU.

25. The scope of work during Construction Period are:

- (i) ensure the compliance of sub-project safeguard requirements by the respective stakeholders such as ULB, PIU, Contractor and any other concerned authority;

- (ii) assist PIUs in project implementation compliant to the involuntary resettlement safeguards and requirements of scheduled castes and tribes; report to ADB for any issue and prepare corrective action plan (CAP) as needed;
- (iii) manage and monitor the resettlement framework and IPPF implementation during project implementation;
- (iv) assist PIUs/ULBs and PMU in establishing an effective grievance resolution system for ensuring timely resolution of public grievances and complaints either from affected parties or from general public or any other stakeholder; and
- (v) review and report any deviations proposed to the agreed safeguards mitigation plan by the contractor arising out of change in land requirement due to detailed engineering design and ensure compliance to the resettlement framework and IPPF

26. The periodic tasks throughout the PMC period are:

- a) assist PMU and PIU in preparation and submission of semi-annual social safeguards compliance report for ADB review and disclosure;
- b) conduct periodical trainings on project's safeguards requirements and GRM implementation for PIU staff, contractors and GRC members; and
- c) undertake regular field visits and internal audit with PMU safeguard officers on Project safeguard compliance with assistance from PIU safeguard officers and relevant ULBs.

**f. Project Safeguards – Environment**

27. Assist PMU and PIUs in implementation of the Project in (i) compliance with the environmental requirements of ADB Safeguard Policy Statement (SPS), 2009 and all applicable national, state and local environmental laws and regulations; and (ii) ensuring that the Contractors (including their sub-contractors) design, construct and operate the project facilities in compliance with the environmental assessment and review framework (EARF), initial environmental examination (IEEs) and environmental management plan (EMP). Stage-wise tasks of PMC include, but not limited to, the following:

28. The scope of work during Preparatory and Procurement Period are:

- (i) prepare environmental screening checklists and submit to PMU for categorization;
- (ii) screen projects and ensure that components are not located in environmentally-sensitive areas (wildlife sanctuaries, national parks, tiger reserves, etc.,) to avoid significant environmental impacts;
- (iii) advise PIUs and work closely with the technical design teams and ensure environmental considerations are included in project location, design and technical specifications, to avoid or minimise the environmental impacts to the extent possible;
- (iv) prepare IEE including EMP for each subproject according to the EARF and submit to PMU for approval;
- (v) conduct public consultation and disclose information in compliance with the EARF, IEE and EMP
- (vi) incorporate all EMP measures into preliminary project designs
- (vii) integrate EMP into the bid and contract documents;

- (viii) include all the environmental safeguards tasks to be handled by the contractor in the bid; and
  - (ix) include in the bid, the information on regulatory clearances required for the subproject.
29. The scope of work during Detailed Design Engineering are:
- (i) apprise the Contractors on compliance requirements as per IEE and EMP during the design, construction and operation phase;
  - (ii) provide approved IEEs and EMPs of respective subprojects, and apprise them of the environmental implementations for taking into consideration in detailed design and advise on update of screening checklist and IEEs;
  - (iii) review the screening checklist updated by contractor and confirm the category to PMU;
  - (iv) lead and assist contractors/ PIUs in any additional public consultation is required based on the changes in the project design and/or location from preliminary design stage;
  - (v) ensure that Contractors develop site-specific EMPs (SEMP) with detailed measures to mitigate environmental impacts during construction and operation phases;
  - (vi) ensure that all the standards/conditions, if any, stipulated in regulatory clearances, consents are included in the project design;
  - (vii) ensure that an appropriate environmental monitoring project consistent with the EMP and commensurate to the impacts of the project is developed by contractor as part of IEE and EMP;
  - (viii) advise and assist PIU/ ULB to ensure that relevant information on environmental safeguards is disclosed to stakeholders, community, and affected people in form and language they understand;
  - (ix) disclose EAR summary in local language at respective PIUs and Project ULB offices;
  - (x) ensure inclusion of any feedback from the public consultation process in the IEEs and EMPs and recommend for approval of PMU
  - (xi) ensure that all design-related measures are integrated into project designs before approval by the PMU;
  - (xii) assist PIU in establishing grievance redress mechanism (GRM); and
  - (xiii) advise/assist PIU in obtaining regulatory clearances, and applications and documentation required thereof.
30. The scope of work during the Construction period are:
- (i) ensure that all necessary clearances/permission are in place prior to start of construction;
  - (ii) monitor the implementation of SEMP to ensure contractors and its subcontractor's compliance with the measures set forth in the EMP;
  - (iii) ensure that Contractor complies with the conditions, if any, stipulated in regulatory clearances, consents;
  - (iv) assist PIU in implementation of GRM, and advise the contractor on appropriate actions to redress the complaints; ensure that complaints/grievances are addressed in a timely manner and resolutions are properly documented;

- (v) advise on any corrective or preventative actions to be implemented by contractor in case of non-compliance or new/unanticipated impacts including budget requirements;
- (vi) include all such suggested actions in the quarterly Environmental Monitoring Reports
- (vii) inform PIU and PMU promptly in case if any significant impacts surfaces, which were not identified in the IEE and develop necessary corrective actions as necessary and ensure implementation by the contractors; and
- (viii) review and approve monthly monitoring reports submitted by contractor, and consolidate and prepare quarterly Environmental Monitoring Report (EMR) and submit to PMU.

31. The scope of work during the Operation and Maintenance Period:

- (i) periodic review of implementation of EMP measures;
- (ii) Advise Contractor and PIU on any corrective / improvement actions if necessary; and
- (iii) review and approve monthly monitoring reports submitted by Contractor, and consolidate and prepare quarterly Environmental Monitoring Report (EMR) and submit to PMU.

32. Periodic tasks throughout the PMC period:

- (i) submit quarterly (construction phase), half yearly (operation phase) environmental monitoring reports consolidated for all bid packages and submit to PMU;
- (ii) conduct semi-annual training and capacity building activities (workshops, hands-on trainings, visits to project sites, etc.) in implementation and management of environmental safeguards in MPUSIP at various project phases to the project agencies (PIUs, ULBs, and Contractors);
- (iii) providing support and assistance as required for project's external monitoring agency, if any appointed, for annual PSS compliance audit;
- (iv) assist MPUDC safeguards team to ensure compliance with environmental requirements ADB SPS and all applicable national, state and local environmental laws and regulations;
- (v) assist MPUDC safeguards team in overseeing environmental safeguard implementation by PIUs, consultant teams and contractors ;
- (vi) assist in review and approval of project environmental screening and categorization;
- (vii) ensure that environmental Category A projects are not considered for implementation under the project;
- (viii) assist in the review and approval of environmental assessment report including the environmental management plan for category B project or environmental due diligence report for category C project and upload to project website in Hindi.
- (ix) Ensure environmental management plan and mitigation measures are included in project bid and contract documents;
- (x) ensure all necessary clearances are obtained timely for all subprojects;
- (xi) consult and coordinate with national- and state-level stakeholders/authorities on environment, protected areas/monuments/sites, etc.) to ensure issues/concerns are addressed in project design;
- (xii) guide preparation of corrective action plans, where required;

- (xiii) ensure environmental safeguard documents are disclosed in language and form understandable by stakeholders and affected people;
- (xiv) in coordination with MPUDC PMU and other safeguard team members, develop and implement an environmental consultation and communication program to ensure potential environmental impacts and mitigation measures are included in meaningful consultations;
- (xv) develop and implement capacity building program to ensure MPUDC, PMU, PIUs, consultant teams and contractors to ensure compliance to environmental requirements of the Project Safeguards System;
- (xvi) advise and assist MPUDC and PMU in addressing project-related complaints/grievances;
- (xvii) review and approve project environmental monitoring reports;
- (xviii) prepare annual environmental monitoring reports for submission to lender; and
- (xix) assistance in any other environmental safeguard related tasks as required by PMU.

#### **g. Project Gender and Social Inclusion Activities –Implementation**

33. Assist PMU and PIUs in implementation of project GESI action plan, ensuring that all concerned stakeholders ensure project implementation and service delivery. The detailed tasks of PMC include, but not limited to, the following:

- (i) assist PMU team in implementation, monitoring and reporting of gender activities as per the gender equality and social inclusion action plan;
- (ii) prepare a detailed implementation plan for gender actions at each ULB/PIU;
- (iii) undertake analysis of central and state government schemes and programs to promote linkages to women in project area;
- (iv) conduct gender analysis to identify women's and men's needs and priorities concerning the project components and incorporate in the community level program activities;
- (v) assess and recommend ways to improve gender equity;
- (vi) support PMU/MPUDC in strengthening institutional mechanisms such as establishment of gender budget cell and appointment of community development officers;
- (vii) identify baseline data needs, and through a third party service provider ensure collection of sex-disaggregated data at all levels;
- (viii) review project documents and contracts to ensure suitable clauses such as all bidding documents include a clause for the application of core labor standards (incl. equal pay for men and women for work of equal value) as per the minimum wage circular issued by the government;
- (ix) undertake capacity building of UDHD /MPUDC staff, implementing agencies, participating Urban Local Bodies (ULBs) and service utilities and training them on pro-poor, gender sensitive governance, gender responsive urban service delivery management and collection and monitoring of sex disaggregated data;
- (x) ensure gender inclusive training material for all capacity building programs and participation of women in all training and workshops as per targets in GESI action plan;
- (xi) provide social and gender inputs for all trainings at the institutional and community levels;
- (xii) identify training needs of the beneficiary men and women in water supply and sanitation and organize trainings, FGDs, workshops for the community

- members and other stakeholders to ensure adequate technical and skills training required to address gender in water supply and sanitation during design and implementation;
- (xiii) guide ULBs/PIUs to ensure women's participation and gender focus in the sub projects;
  - (xiv) design and through a third party service provider undertake baseline surveys; and organize workshops, Focused Group Discussions (FGDs) and community consultation as per project requirements during design and implementation phase;
  - (xv) through baseline surveys and consultations conduct;
    - (a) assessment of hygiene behaviour and hygiene awareness in the poor settlements in targeted towns;
    - (b) assessment of constraints towards improved hygiene behaviour, including but not limited to poor access to water and sanitation services
    - (c) prepare and implement ADB compliant communications plan based on project design and anticipated results for subprojects under present and future tranches.
    - (d) design and deliver a gender-sensitive behaviour change communications program to :
      - i. change perceptions, leading to behaviour change among community members to access, use and pay for improves water and sanitation services;
      - ii. generate demand for toilets needs and other sanitation facilities in the project ULBs especially in slums; and
      - iii. ensure gender inclusion at all levels of project implementation
  - (xvi) ensure that the design of BCC program includes a gender inclusive hygiene education programme, which takes account of the constraints currently faced by slum dwellers – men, women and children in improving their hygiene behaviour and probable water and sanitation design options;
  - (xvii) deliver the hygiene education program with follow up, documentation and maintain sex disaggregated data;
  - (xviii) assist PMU and PIU in handling grievances;
  - (xix) support PMU/MPUDC in developing a gender inclusive PPMS (including sex disaggregated data and gender indicators);
  - (xx) assist PMU/MPUDC in monitoring and reporting of gender activities as per GESI action plan and prepare performance-monitoring reports for submission to ADB;
  - (xxi) review monthly monitoring reports to be submitted by PIUs/ULBs and consolidate/prepare quarterly progress report on gender progress to be submitted with project QPR; (see the format in Appendix list);
  - (xxii) undertake documentation of key gender results, good practices and prepare the gender impact assessment reports for the project; and
  - (xxiii) guide the third party/communication/CAPP agency in implementation of BCC plan in project towns.

#### **h. Non-Physical Investments**

34. The activities under Non Physical investments are

- (i) assist the implementing agency in developing and implementing a structured training program for building the capacity of ULB staff including Chief Municipal Officer, Engineer and Revenue Officer in the aspects of contract management of

- contracting framework, monitoring service levels and timely decision making to meet the forward planning for universal coverage through house connections and network expansion and achieving cost recovery and sustainability of services;
- (ii) assist the implementing agency in developing a detailed terms of reference for establishing a GIS system including household socio-economic survey duly reviewing and updating the terms of reference and scope of work being implemented by UDHD in the state. Specific focus will be to achieve increased revenue mobilization from property tax and user charges duly integrating the asset and customer data of water, sanitation and sewerage services in the project ULBs; organize procurement of third party GIS service providers and provide contract management services for monitoring the implementation and continuous update of the GIS system both data update and software/ hardware up-gradation by the service provider; verification and field testing of the GIS system including monitoring its continuous update; verification of invoices from the GIS service provider and certification for release of payments;
  - (iii) assist the implementing agency in organizing screening of local contractors and water service providers (operators) and develop and monitor the implementation of a structured water operator partnership for exchange of skills and capacity building under the ADB Global Water Partnership Program; and
  - (iv) help the implementing agency to develop and conduct the awareness campaign on water conservation, environmental, and hygiene.
    - (a) assist PMU team in developing implementation, monitoring and reporting of awareness campaign activities as per the PAM;
    - (b) prepare a detailed implementation plan at each ULB/PIU; ensure twice campaigns be conducted in each of 64 towns;
    - (c) work with the gender expert to promote linkages to women in project area
    - (d) conduct campaign in the community level;
    - (e) assess and recommend ways to improve project efficiency;
    - (f) Support PMU/MPUDC in strengthening intuitional mechanisms on water conservation;
    - (g) identify baseline data needs, and through a third party service provider ensure collection of sex-disaggregated data at all levels;
    - (h) provide awareness inputs for all trainings at the institutional and community levels;
    - (i) through baseline surveys and consultations conduct the related activities;
    - (j) work with the gender expert to do assessment of hygiene behavior and hygiene awareness in the poor settlements in targeted towns;
    - (k) work with the gender expert to do assessment of constraints towards roved hygiene behavior, including but not limited to poor access to water and sanitation services;
    - (l) help the gender expert to design and deliver a gender-sensitive communications program to;
    - (m) change perceptions, leading to behavior change among community members to access, use and pay for improves water and sanitation services; and
    - (n) generate demand for toilets needs and other sanitation facilities in the project ULBs especially in slums.

#### **i. Project Management and Implementation**

35. The consultant is required to support on the following:

- (i) provide continuous assistance to PMU, PIUs, executing agency and implementing agencies in successful implementation of the project and achievement of results;
- (ii) prepare a Project Implementation Plan (PIP) duly identifying the resources (financial, human and infrastructure), timelines including a detailed Financial Operating Plan (FOP); based on the agreed PIP, develop detailed Annual Implementation Plan (AIP) and annual FOP for each year of Project implementation; update the PIP duly incorporating the mid-course corrections required at the end of each year of implementation;
- (iii) develop a project administration manual (PAM) with clear demarcation of roles, responsibilities, delegated authority and chain of command for all relevant stakeholders in ensuring effective and efficient implementation of the project; update the PAM at the end of every one year of project implementation duly incorporating the revisions or mid-course corrections required based on the lessons learned during the preceding period of project implementation;
- (iv) Management Information System (MIS) and Project Performance Management System (PPMS);
- (v) in consultation with the PMUs, develop a detailed framework for the project MIS and PPMS including overall system design; refinement of indicators, targets and goals; and design of report formats. Selected indicators should provide practical and meaningful measures of key project impacts and achievements. Specified targets and goals should be measurable and achievable. In consultation with the PMOs and the implementing agencies, develop a comprehensive training and capacity building program to ensure the institutional and operational sustainability of the project. This task must be completed within the first 3 months of the contract;
- (vi) implement the project MIS framework and produce in the first MIS and PPMS report in consultation with the PMOs;
- (vii) train PMU staff to use and maintain the MIS and PPMS framework and advise as needed in the preparation of periodic MIS and PPMS reports following the first report;
- (viii) the MIS and PPMS shall include the entire Project comprising of project planning, procurement, contract management, quality control, construction, operations, maintenance, compliance to environmental and social safeguards, communications, behavioral change campaigns and implementation of non-physical investments;
- (ix) assist PMU, MPUDC in ensuring robust IT based management information systems and protocols including monitoring the implementation of establishing GIS system in the Project ULBs;
- (x) assist PMU, MPUDC and Empowered Committee in good internal communications for ensuring timely decisions for achieving the implementation targets and results; and
- (xi) attend all project meetings at PMU, MPUDC, UADD, empowered committee and UDHD level including any specific meetings with concerned departments of finance, institutional finance, PHED and legal and be responsible for record of proceedings;

### **j. Project Monitoring and Evaluation**

36. Monitoring and evaluation support includes:

- (i) develop and establish simple and robust project management and service level monitoring systems, processes, protocols and chain of command;
- (ii) design a methodology and formats for collecting information on the progress on project outcomes and outputs contemplated from both physical and non-physical investments;
- (iii) provide guidance to various stakeholders in implementation of project outputs; and
- (iv) advice on timely achievement of the project outcome and outputs and additional interventions in case of anticipated / encountered delays.

### **k. Project Results Assessment**

37. Project result assessment include:

- (i) develop a simple and robust methodology, procedure and protocols for assessment of project results and assist in instituting the procedures and protocols at different levels of project implementation;
- (ii) develop a detailed baseline data and service level benchmarks so as to monitor the project results specified in the loan agreement;
- (iii) develop an electronic Project Performance Evaluation System (PPES) for the evaluation of project outcome and results as defined in the loan agreement. The system shall have the baseline information for each performance indicator and the target and achievement of each indicator;
- (iv) undertake verification of the results achieved periodically and assist PMU in submitting the necessary documentation to ADB; and
- (v) continuously review the progress, identify the possible risks / impediments in achieving the required targets and advice executing agency / PMU accordingly.

### **l. Project Financial Management**

38. A project financial management consultant will be required for 30 person months and will have a degree in accounting, finance or equivalent, having at least 8-year experience in the field of accounting and financial management with at least 3 years working on ADB/ MDB financed projects. A chartered accountant or a certified public accountant with membership in a professional accounting body is preferable. The consultant needs to provide support in financial management of the project and the key tasks but not limited to include:

- (i) Accounting , book keeping and budgeting
  - (a) Establish a project financial management system including budgeting, accounting, reporting, audit, and internal controls satisfactory to the Bank.
  - (b) Maintain separate books and accounts for the project such that:
    - i. Project related receipts and payments can be easily identified within the existing accounting framework and chart of accounts of the MPUDC
    - ii. Receipts are identified by 'sources and financier of funds'.<sup>1</sup>

<sup>1</sup> ADB Loan or Grant, WB, Government Contribution etc.

- iii. Receipts of ADB funds can be identified by 'type of disbursement procedure or method of withdrawal'.<sup>2</sup>
  - iv. Expenditures relating to each project output component and category<sup>3</sup> can be separately or easily identified.
  - v. Expenditures claimed by 'type or method of withdrawal can be separately and easily identified.
  - (c) Maintain all project related full supporting documents, particularly in support of SOEs, and retain for at least 5 years after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made or the project closing date, whichever comes later.
  - (d) Assist in the preparation, update, and monitoring of project budget including quarterly comparison of actual versus budgeted expenditure along with an analysis of significant variances.
  - (e) Assist the project management unit in developing standard accounting policies and ensure that accounting methods and procedures are used in accordance with MPUDC policies.
- (ii) Interim Financial Reporting/Progress Reporting
- (a) Prepare [quarterly] financial progress reports for submission to ADB.
  - (b) Prepare semiannual interim unaudited project financial statements. These should include at a minimum:
    - i. Statement of Receipts and Payments
    - ii. Statement of Budgeted Expenditure Vs Actual
    - iii. Statement of Expenditure by Output / by Financier / by method of withdrawal
  - (c) Facilitate any ADB review missions.
  - (d) Monitor compliance with financial loan covenants and periodically report to ADB as appropriate.
  - (e) Provide reports and strategic advice to the Project Director and on all financial matters pertaining to the affairs of the Project.
- (iii) Controls over Cash and Bank Balances
- (a) Obtain monthly bank statements, prepare bank reconciliation statements and reconcile project bank accounts with the books and records of the project. Submit monthly bank reconciliation statements for review to Project Director.
  - (b) Reconcile petty cash balances on a daily basis and ensure balances and transactions do not exceed maximum allowed daily cash operations.
- (iv) Payments and Fund Flow Arrangements
- (a) Obtain access to ADB Loan/ Grant Financial Information System
  - (b) Assist the Project Director to ensure that payments are processed within 2 weeks.
  - (c) Review bills and invoices received against contracted amounts, evidence of work performed duly certified by engineers / user departments, prepare payment vouchers and forward for authorization of payment to the Project Director.
  - (d) Obtain receipts against payments and stamp bills as 'paid'.

<sup>2</sup> Direct payment, commitment procedure, reimbursement, imprest fund

<sup>3</sup> Civil works, equipment, consultants, training, etc.

- (e) Assist MPUDC in preparing Statement of Expenditure (SOE) and withdrawal applications' (WA) for submission to the ADB.
- (f) Maintain a register of all withdrawal applications
- (g) Monitor status of withdrawal applications claimed from ADB.
- (h) Reconcile project records with actual payments made by ADB through the LFIS system
- (i) Reconcile receipts from ADB as per CAAA records and project records at least twice a year and record foreign exchange and other adjustments as necessary
- (v) Annual Project Financial Statements and External Audit
  - (a) Agree and implement a timetable with all stakeholders to ensure timely submission of audited project financial statements.
  - (b) Finalize statement of audit needs or audit terms of reference as relevant
  - (c) Prepare unaudited project financial statements in accordance with relevant accounting standards<sup>4</sup> within three months of the end of the fiscal year for audit
  - (d) Facilitate and coordinate audit of the project financial statements, including resolution of audit queries and provision of full and complete access of all records and project documents to the auditors.
  - (e) Submit final audited project financial statements to ADB before the deadline.
- (vi) Control Over Fixed Assets
  - (a) Maintain adequate control over project fixed assets including the maintenance of a fixed assets register, tagging of all physical assets, and periodic reconciliation of physically verified assets with the books and records.
- (vii) Advances
  - (a) Maintain oversight and accounting record of advances and liquidations, follow up to ensure that advances do not remain un-cleared for unreasonable periods of time. Adjust advances against approved bills received.
- (viii) Other matters
  - (a) Provide input to project management regarding all financial and accounting decisions of project works.
  - (b) Assist in the implementation of the Enterprise resource planning (ERP).
  - (c) Assist in the implementation of the Financial Management Action Plan, including capacity development plans, trainings etc for accounting or internal audit staff.
  - (d) Organize training on the ADB FM and disbursement policies and procedures for other PMU FM staff.
  - (e) Perform such other assignments, as required by Project Director.

#### **m. Mitigation of implementation Risks**

39. The key tasks in mitigation of implementation risks are as follows:

---

<sup>4</sup> Financial Statements should be prepared to ensure maximum alignment with Cash Basis International Public Sector Accounting Standards and template financial statements should be discussed with ADB prior to finalization of the financial statements.

- (i) undertake a project risk analysis and identify all potential risks related to financial, construction, operations, maintenance, safeguards and develop an integrated risk mitigation plan (IRM) and advise executing agency in instituting the required protocols and allocating resources for effective mitigation of risks;
- (ii) assist in consolidating all the relevant implementation risks (construction, operations, safeguards etc.) and prepare a risk mitigation framework;
- (iii) monitor the possibility of occurrence of a risk and provide timely advice to the PMU and PIUs on ensuring sufficient resources in managing the risk; and
- (iv) develop a risk monitoring framework and reporting protocols and undertake continuous monitoring and reporting of all potential implementation risks.

#### **n. Progress Reporting and Project Documentation**

40. The support on progress reporting and project documentation includes:

- (i) develop a list of periodical reports with electronic formats and establish methodologies and protocols for data collection, validation and reporting so as to enable the PMU and ADB in effective project implementation and protection of safeguards; the reports shall essentially comprise but not limited to project progress, results achieved, financial management and safeguards and any other issue of cognitive nature;
- (ii) develop and prepare associated reports for submission to the ADB. Train PMU staff to get familiarized with progress reports and subsequent report preparatory work;
- (iii) design, establish, update and maintain a reader friendly and informative website on the project for disseminating detailed information on the project, details of activities, activity wise progress, financial information and all safeguards policies and procedures for ensuring transparency in project implementation;
- (iv) prepare and develop the project reporting procedures to the ADB, including construction progress, withdrawal and payment;
- (v) develop a document flow system so that there is no repetition of the reports/ information generated at different levels. Prepare the first set of sample reports and documents required by ADB;
- (vi) conduct training on ADB procedures, project planning, management, and procurement in accordance with ADB Project Implementation Guidelines to meet ADB requirements. Recommend a practical and effective design supervision system;
- (vii) support PMOs, each project town and ULB and implementing agency to ensure good governance, accountability, and transparency in project operations;
- (viii) exercise construction supervision and management including:
  - (a) Construction methods;
  - (b) Work undertaken according to the intent of contract specifications;
  - (c) Control over construction quality;
  - (d) Adherence to contract work programme and recovery of slippage;
  - (e) Site health and safety procedures;
  - (f) Record keeping systems to protect client interests in event of claims etc.;
  - (g) Claims assessment and determination.
- (ix) work with the PMOs and implementing agencies to identify requirements for training included in the capacity building provided for by the project, including training in procurement, water supply, wastewater treatment, pollution control,

environmental monitoring, sustainable O&M management and financial management;

- (x) the domestic Institutional and capacity building Specialist will provide the help on the institutional and capacity building for the three implementing agencies; and
- (xi) prepare a detailed format for project completion report.

**o. Policy Advisory Support**

41. The consultant to provide policy advisory support and key activities include:

- (i) provide policy advisory support as required to PMU, MPUDC, UADD, UDHD and Government of Madhya Pradesh for ensuring effective service delivery and sustainability of services;
- (ii) establish easy to use financial model for determining the financial sustainability of each of the sub-project and also the cluster of sub-projects if any;
- (iii) depending upon the results of financial models, develop a robust framework for establishing user charges for water and sewerage services and advise Government of Madhya Pradesh and the local authorities in instituting the progressive tariffs for ensuring cost recovery;
- (iv) in line with the Project targets, prepare a progressive plan for achieving 100% O&M cost recovery by the end of the project;
- (v) develop a simple, transparent and objective framework for provision of progressively tapering down operating subsidy for needy local authorities;
- (vi) develop a detailed asset management plan and assist in establishing a revolving (sinking) fund for ensuring asset management and capital maintenance program so as to ensure sustained service delivery; and
- (vii) develop transition protocols and handing over arrangements for the assets on completion of contracts either back to the local authority or to a new operator selected through bidding before expiry of the contract.

**p. Expected Deliverables**

42. The following is the list of deliverables:

- (i) Inception Report;
- (ii) PMU staff mobilization report;
- (iii) PIU staff mobilization report;
- (iv) Updating procurement plan;
- (v) Project Quality Assurance Plan;
- (vi) Project Financing and cash flow plan
- (vii) RFPs for procurement of Third party Quality Control Agencies;
- (viii) Sub- Project design validation reports;
- (ix) MIS and PPMS formats;
- (x) Bidding documents - Build and Operate;
- (xi) Monthly Progress Reports (activities of PMC);
- (xii) Quarterly Progress Reports;
- (xiii) Safeguards and PPMS reports;
- (xiv) Quarterly GESI Implementation Progress Reports;
- (xv) Contract Commissioning Report ; for each contract; and
- (xvi) Project Completion Report
- (xvii) TOR for GIS contract and submissions on procurement -

**2. Requirement of downstream Work**

43. There is no requirement of downstream work

**3. Training Component**

44. Training Component is covered under scope of work - Non Physical Investments.

## D. Team Composition and Requirements of Key Experts

45. The team composition of International and National Key Experts are as follows:

**Table A5.2: Team Composition**

Sl. No.	Staff Position	Number of staff			Preparatory phase	Construction phase	Operations phase	Total
		PMU	PIU	Total	Person months	Person months	Person months	Person months
<b>A.</b>	<b>Key Experts - International</b>							
1	Water Supply Operations Specialist	1		1	3	3		6
	Subtotal - Key Experts International	1	0	1	3	3	0	6
<b>B.</b>	<b>Key Experts - National</b>							
1	Team Leader cum Water Supply Expert	1		1	11	22	11	44
2	Senior Water Supply Engineer	1		1	11	12	6	29
3	Water Networks Engineer	1		1	11	22		33
4	Wastewater Engineer	1		1	6	3	2	11
5	Sewage treatment/Septage Management Expert	1		1	2	1		3
6	Electrical Engineer	1		1	6	6		12
7	Senior Structural Engineer	1		1	6	6		12
8.	Mechanical Engineer	1		1	3	6	3	12
9	Geo-technical Engineer	1		1	3	3		6
10	Senior Contract Manager	1		1	3	22	11	36
11	Procurement Engineers	1		1	11	06		17
12	Quality Control Expert	1		1	6	12		18
13	Resettlement Safeguards Expert (social)	1		1	11	19	6	36
14	Environmental Safeguard Expert	1		1	11	16	3	30
15	Gender and Communications Expert	1		1	11	12	6	29
16	IT and MIS Expert	1		1	12	06		18
17	GIS Expert	1		1	6	12	3	21
18	Monitoring and Evaluation Expert	1		1	11	11	6	28
19	Financial Management Expert	1		1	6	6		12
20	Awareness campaign expert	1		1		15	15	30
	Subtotal - Key Experts National	20		20	147	218	72	437
	Subtotal - Key Experts International +National	21		21	150	221	72	443

Note: The deployment schedule shall be reviewed in every 3 months.

46. Team leader, support staff and QA / field engineers would be on continuous type of assignment on deployment. Other positions are on intermittent type assignments.

47. The qualifications requirements of the non-key experts and the support staff are also provided.

## E. Reporting Requirements, and Time Schedule for Deliverables

### 1. General Deliverables

48. The general deliverables with timelines of some common reports are indicated in Table below.

**Table A5.3: PMC Deliverables**

Type of Report	Time Line from zero date
Inception Report	Within 30 days
PMU Staff Mobilization Report	Within 30 days
PIU Staff Mobilization Report	Within 60 days
Updating Procurement Plan	Within 60 days
Safeguards Plan	Within 60 days
Project Procurement Plan	Within 60 days
Project Quality Assurance Plan	Within 60 days
Project Financing and Cash flow Plan	Within 90 days
RFP for procurement of Third Party Of-site Quality Control Agency	Within 90 days
Sub-project design validation reports	Within 90days
MIS and PPMS formats	Within 90 days
Bidding Documents – Build and Operate	In accordance with the approved procurement plan
Monthly Report (activities of the PMC)	Within 5 <sup>th</sup> of every month
Quarterly Progress Report	Within 15 days after the end of the respective quarter
Safeguard and PPMS reports	Quarterly (along with the quarterly progress report (see the format in Appendix list)
Contract Commissioning Report: for each contract,	Within 45 days from the date of commissioning
Project Completion Report	45 days before completion of the assignment
TOR for GIS Consultant and submissions on procurement	TOR of GIS consultant to be submitted in 30 days and the PMC will assist on a continuous basis the procurement of GIS consultant until award of work. <sup>a</sup>
GESI Progress Report	Along with the Quarterly Report
Awareness campaign progress report	Along with the Quarterly Report

<sup>a</sup> : The GIS consultant should work together with Gender and Communications Expert to enable the GIS to provide map/s of the locations of Below Poverty Line and Female-head Households, and vulnerable households provided with metered water pipe connections and other relevant gender related information.

49. Any other report as desired by the PMU and/or the executing agency and the contents of the reports will be finalized with the PMU and EA before preparation and submission.

50. All draft and final reports should be submitted in 5 hard copies and a softcopy in CD. All reports should be submitted to the Project Director, Madhya Pradesh Urban Services Improvement Project.

51. Five copies of all reports to be submitted in hard copies and one electronic copy of the report to be submitted.

52. All reports to be submitted for PMU who will further circulate the same to the concerned.

53. For supervision of civil works - "Taking any action under a civil works contract designating the Consultant as "Engineer" for which action, pursuant to such civil works contract, the written approval of the Client as "Employer" is required".

**F. Client Input and Counterpart Personnel**

**1. Services, facilities and property to be made available to the consultant by the Client:**

- (i) the client will be providing all the available reports and maps to the consultants for study and use;
- (ii) the client will support the consultant in obtain all required approvals. and
- (iii) efforts will be made to provide office space within the MPUDC premises, however the PMC shall be responsible to identify and establish the office in case the MPUDC is unable to provide sufficient space. The consultancy overhead costs shall include the office rental cost and if in case MPUDC is able to provide space, then the rental cost will be recovered from PMC remuneration

**2. Professional and Support counterpart personnel to be assigned by the Client to the Consultant's team:**

54. There would no professional and support counterpart personnel specifically assigned to the consultant but the PMU and PIU staff would support the consultants as required in their work.

**G. Inputs Project Data and reports to facilitate Preparation of Proposals**

55. The client will provide the following project data and facilities for preparation of proposals.

- (i) all reports prepared by project preparatory technical assistance Consultants; and
- (ii) design reports prepared by the design consultants.

**Table A5.4: Indicative Requirement of Non Key Experts and Support Staff**

Sl. No.	Staff Position	Number of staff			Preparatory phase	Construction phase	Operations phase	Total
		PMU	PIU	Total	Person months	Person months	Person months	Person months
<b>A.</b>	<b>Non Key Experts</b>							
1	Assistant Contract Managers	0	4	4	0	22	11	132
2.	Water Supply Engineer (Design)		2	2	0	12	03	30
3	QA / Field Engineers		50	50	0	22	06	1400
4	Resettlement Coordinators		4	4	11	11	11	132
5	Environmental Engineers		4	4	0	3	3	24
	Sub Total Non-Key Experts		64	64				1718
<b>B</b>	<b>Support Staff</b>							
1	Executive Assistant to Team Leader	1		1	12	24	12	48
2.	Office Manager / Accountant	1		1	12	24	12	48
3	MIS assistants	1		1	12	24	12	48
4	Communication Assistants		4	4	12	12	06	120
5	Draughtsman / CAD operator	1	4	5	12	24		180
6	Receptionist cum Data Entry Operator	1	0	1	12	24	12	48
7	Office Assistants	2	4	6	12	24	12	288
	Sub Total Support Staff	7	12	19				780

## APPENDIX 6: GENDER EQUALITY AND SOCIAL INCLUSION PLAN

Activities	Indicators/Targets	Responsibility	Time Frame
<b>Output 1. Water supply infrastructure in 64 project towns and integrated storm water and sewage infrastructure in 2 tourist towns improved</b>			
1.1 Provide metered water pipe connections in project towns	<ul style="list-style-type: none"> <li>300,000 households, including 25% (75,000) vulnerable,<sup>b</sup> BPL, female-headed households in project covered areas, provided with metered piped connections (2015 baseline: 0%)</li> </ul>	PIU/ULBs (support from PMC)	Construction to operation
1.2 Provide access to sanitation system in two tourist towns	<ul style="list-style-type: none"> <li>Incidence of water logging/flooding reduced by 50% per annum in the tourist towns of Khajuraho and Rajnagar</li> <li>6,000 HHs provided access to sanitation systems of which 25% are from vulnerable, BPL, and female-headed households in poor settlements<sup>b</sup></li> </ul>		
<b>Output 3. Capacity of Madhya Pradesh Urban Development Company Limited, urban local bodies and consumers in 64 project towns improved</b>			
<b><i>Demand-side capacity</i></b>			
3.1 Prepare and implement gender-sensitive Behavior Change Communication (BCC) plan for project towns	<ul style="list-style-type: none"> <li>A gender-sensitive BCC plan developed and implemented in all project towns [Target: 50% women/girls participation], focusing on water conservation, water use efficiency, and hygiene behavior and practices</li> </ul>	PMU/PIU/ULBs (support from PMC)	Preparatory stage
3.2 Conduct awareness-raising events in project towns	<ul style="list-style-type: none"> <li>Awareness-raising events on water conservation, environmental protection, and hygiene in each project town [Target: 240,000 households participated; at least 50% women participants]</li> </ul>	ULBs (support from PMC)	Construction to operation
3.3 Constitute Grievance Redress Committees (GRCs) in each project town	<ul style="list-style-type: none"> <li>GRCs (64) constituted in each project towns [Target: at least 30 % women members]</li> </ul>	PIU/ULBs (support from PMC)	
3.4 Constitute and train community groups/neighborhood networks in each project town (in poor settlement)	<ul style="list-style-type: none"> <li>Community groups/neighborhood networks formed (128) (Target: 50% women members)</li> <li>All members of the community groups/neighborhood networks (128) [Target: 50% women members] trained on participatory planning, community monitoring and maintenance of water, sanitation, and hygiene practices.</li> </ul>		Construction to operation
<b><i>Supply-side capacity</i></b>			
3.5 Establish a Gender Budget Cell	<ul style="list-style-type: none"> <li>Gender Budget Cell with qualified staff and access to adequate financial resources established at UDHD</li> </ul>	UDHD/MPUDC	Preparatory stage
3.6 Designate a gender focal point in MPUDC	<ul style="list-style-type: none"> <li>A Gender Focal Point is designated in MPUDC and assigned the responsibility to provide relevant data and information for inclusion in the GESI Action Plan Updates to be integrated into the Quarterly Progress Report</li> <li>A Gender and Communication Specialist is appointed/recruited in PMC</li> <li>A Communication Assistant is engaged by PMC in each PIU to support GESI implementation</li> </ul>	MPUDC/PMU	Preparatory stage to operation
3.7 Appoint community development officers (CDOs) in each project town	<ul style="list-style-type: none"> <li>CDOs appointed in 64 project towns as per <i>Model Municipal Structure</i> [Target: 50% women]</li> </ul>	UDHD/MPUDC	Preparatory stage
3.8 Develop gender-sensitive training/learning material for urban local bodies (ULBs) and	<ul style="list-style-type: none"> <li>Training/learning material prepared for ULBs staff on gender- and socially inclusive O&amp;M services and urban service management</li> <li>Learning material on community-based participatory planning, monitoring and</li> </ul>	PMU (support from PMC)	

Activities	Indicators/Targets	Responsibility	Time Frame
communities in project towns	maintenance of water, sanitation and hygiene infrastructure prepared		
3.9 Enhance capacities of UDHD, MPUDC, participating ULBs, and service utilities	<ul style="list-style-type: none"> <li>Capacities of UDHD, MPUDC, ULBs, and service utilities in contract management, gender-responsive urban service delivery management and long-term sustainability of services enhanced [Target: 5 training held (30% women/or all women staff trained)]</li> </ul>	MPUDC/ULBs (support from PMC)	
3.10 Provide skills enhancement/livelihood training	<ul style="list-style-type: none"> <li>Skills enhancement/livelihood training provided by MPUDC<sup>c</sup> for employment/income-earning opportunities (esp. O&amp;M of assets) created in project utilities [Target: 1,280 persons (50% women) trained (estimated 20 persons/town)]</li> </ul>	MPUDC/PMU/ULBs (support from PMC)	Construction to operation
3.11 Develop linkages with ongoing income-generating livelihood and social security schemes for women	<ul style="list-style-type: none"> <li>Linkage with ongoing income-generating livelihood and social security schemes for women developed [Target: at least 300 women in project towns linked with existing schemes and programs]</li> </ul>	PIU/ULB (support from PMC)	
3.12 Ensure equal employment opportunities for women in the project activities	<ul style="list-style-type: none"> <li>Equal employment opportunities for women in project activities across project utilities/offices PMU/PMC/PIUs/ULBs ensured [Target: at least 25% women are engaged in project activities]</li> </ul>	MPUDC/PMU	Preparatory stage to operation
3.13 Ensure that contract documents include relevant clauses on national core labor standards (CLSs)	<ul style="list-style-type: none"> <li>National CLSs incorporated in contract documents, with focus on provisions for equal pay for work of equal value, prohibition of hiring child labor, occupational health and safety, disclosure signage and separate sanitation facilities for women</li> <li>Compliance with national CLSs monitored</li> </ul>		Preparatory stage
3.14 Ensure PPMS has sex-disaggregated indicators and is regularly maintained	<ul style="list-style-type: none"> <li>PPMS with sex-disaggregated indicators is established and regularly maintained by staff</li> </ul>	PMU (support from PMC)	Preparatory stage to operation

GESI= gender equality and social inclusion, HHs = household, MPUDC = Madhya Pradesh Urban Development Company Limited, O&M = operation and maintenance, PIU = project implementation unit, PMC = Program Management Consultant, PMU = project management unit, PPMS = project performance monitoring system, UDHD = Urban Development and Housing Department, ULB = urban local body.

<sup>a</sup> Vulnerable households include Scheduled Caste, Scheduled Tribe and Other Backward Class, and Below Poverty Line HHs.

<sup>b</sup> The proportion of slum population in the 11 sample towns (PPTA) is 25 % of the total population. Source: [www.censusindia.gov.in/2011census/dchb/DCHB.html](http://www.censusindia.gov.in/2011census/dchb/DCHB.html)

<sup>c</sup> Madhya Pradesh Government has set up State Skill Development Mission as nodal body to anchor the skills development agenda in the State. The skill building and livelihood training programs under this Project will be organized in consultation with the Madhya Pradesh Council for Vocational Education and Training and other skills and livelihood programs of the State Government.

Source: Asian Development Bank

### APPENDIX 7: GENDER EQUALITY AND SOCIAL INCLUSION (GESI) PLAN MONITORING AND REPORTING FORMAT

Activities	Indicators and Targets	Progress to Date		Issues and Challenges (Please include reasons why an activity was not fully implemented, or if targets fall short, or reasons for delay, etc.)
		Progress for the Quarter (MM/YY to MM/YY) (This should include information on progress for the current quarter-- qualitative and quantitative updates with sex-disaggregated data)	Cumulative Progress (This should include information on progress - qualitative and quantitative updates with sex-disaggregated data- from the start of implementation of GESI plan to the previous quarter's progress report.)	
<b>Output 1. Water supply infrastructure in 64 project towns and integrated storm water and sewage infrastructure in 2 tourist towns improved</b>				
1.1 Provide metered water pipe connections in project towns	300,000 households, including 25% (75,000) vulnerable, <sup>b</sup> BPL, female-headed households in project covered areas, provided with metered piped connections (2015 baseline: 0%)			
1.2 Provide access to sanitation system in two (2) tourist towns	<ul style="list-style-type: none"> <li>Incidence of water logging/flooding reduced by 50% per annum in the tourist towns of Khajuraho and Rajnagar</li> <li>6,000 HHs provided access to sanitation systems of which 25% are from vulnerable/FHHs and HHs in poor settlements<sup>b</sup></li> </ul>			
<b>Output 3. Capacity of Madhya Pradesh Urban Development Company Limited, urban local bodies and consumers in 64 project towns improved</b>				
<i>Demand-side capacity</i>				
3.1 Prepare and implement gender-sensitive Behavior Change Communication (BCC) plan for project towns	A gender-sensitive BCC plan developed and implemented in all project towns [Target: 50% women/girls participation], focusing on water conservation, water use efficiency, and hygiene behavior and practices			
3.2 Conduct awareness-raising events in project towns	Awareness-raising events on water conservation, environmental protection, and hygiene in each project town [Target: 240,000 households participated; at least 50% women participants]			
3.3 Constitute Grievance Redress Committees (GRCs) in each project town	GRCs (64) constituted in each project towns [Target: at least 30 % women members]			
3.4 Constitute and train community groups/ neighborhood networks in each	<ul style="list-style-type: none"> <li>Community groups/neighborhood networks formed (128) (Target: 50% women members)</li> <li>All members of the community groups/neighborhood</li> </ul>			

Activities	Indicators and Targets	Progress to Date		Issues and Challenges (Please include reasons why an activity was not fully implemented, or if targets fall short, or reasons for delay, etc.)
		Progress for the Quarter (MM/YY to MM/YY) (This should include information on progress for the current quarter-- qualitative and quantitative updates with sex-disaggregated data)	Cumulative Progress (This should include information on progress - qualitative and quantitative updates with sex-disaggregated data- from the start of implementation of GESI plan to the previous quarter's progress report.)	
project town (in poor settlement)	networks (128) [Target: 50% women members] trained on participatory planning, community monitoring and maintenance of water, sanitation, and hygiene practices.			
<i>Supply-side capacity</i>				
3.5 Designate a gender focal point in MPUDC	<ul style="list-style-type: none"> <li>A Gender Focal Point is designated in MPUDC and assigned the responsibility to provide relevant data and information for inclusion in the GESI Action Plan Updates to be integrated into the Quarterly Progress Report</li> <li>A Gender and Communication Specialist is appointed/recruited in PMC</li> </ul> A Communication Assistant is engaged by PMC in each PIU to support GESI implementation			
3.6 Appoint community development officers (CDOs) in each project town	CDOs appointed in 64 project towns as per <i>Model Municipal Structure</i> [Target: 50% women]			
3.7 Develop gender-sensitive training/learning material for urban local bodies (ULBs) and communities in project towns	<ul style="list-style-type: none"> <li>Training/learning material prepared for ULBs staff on gender- and socially inclusive O&amp;M services and urban service management</li> </ul> Learning material on community-based participatory planning, monitoring and maintenance of water, sanitation and hygiene infrastructure prepared			
3.8 Enhance capacities of UDHD, MPUDC, participating ULBs, and service utilities	Capacities of UDHD, MPUDC, ULBs, and service utilities in contract management, gender-responsive urban service delivery management and long-term sustainability of services enhanced [Target: 5 training held (30% women/or all women staff trained)]			
3.9 Provide skills enhancement/livelihood training	Skills enhancement/livelihood training provided by MPUDC <sup>b</sup> for employment/income-earning opportunities (esp. O&M of assets) created in project utilities [Target: 1,280 persons (50% women) trained (estimated 20			

Activities	Indicators and Targets	Progress to Date		Issues and Challenges (Please include reasons why an activity was not fully implemented, or if targets fall short, or reasons for delay, etc.)
		Progress for the Quarter (MM/YY to MM/YY) (This should include information on progress for the current quarter-- qualitative and quantitative updates with sex-disaggregated data)	Cumulative Progress (This should include information on progress - qualitative and quantitative updates with sex-disaggregated data- from the start of implementation of GESI plan to the previous quarter's progress report.)	
	persons/town)]			
3.10 Develop linkages with ongoing income-generating livelihood and social security schemes for women	Linkage with ongoing income-generating livelihood and social security schemes for women developed [Target: at least 300 women in project towns linked with existing schemes and programs]			
3.11 Ensure equal employment opportunities for women in the project activities	Equal employment opportunities for women in project activities across project utilities/offices PMU/PMC/PIUs/ULBs ensured [Target: at least 25% women are engaged in project activities]			
3.12 Ensure that contract documents include relevant clauses on national core labor standards (CLSs)	<ul style="list-style-type: none"> <li>National CLSs incorporated in contract documents, with focus on provisions for equal pay for work of equal value, prohibition of hiring child labor, occupational health and safety, disclosure signage and separate sanitation facilities for women</li> </ul> Compliance with national CLSs monitored			
3.12 Ensure PPMS has sex-disaggregated indicators and is regularly maintained	PPMS with sex-disaggregated indicators is established and regularly maintained by staff			

BCC = behavior change communication, GESI= gender equality and social inclusion, HH = household, MPUDC = Madhya Pradesh Urban Development Company, O&M = operations and maintenance, PIU=project implementation unit, PMC = Program Management Consultant, PMU = project management unit, PPMS = project performance monitoring system, UDHD = Urban Development and Housing Department, ULB = urban local body

<sup>a</sup> Vulnerable households include SC, ST, OBC and Below Poverty Line HHs.

<sup>b</sup> The proportion of slum population in the 11 sample towns (PPTA) is 25 % of the total population. Source: [www.censusindia.gov.in/2011census/dchb/DCHB.html](http://www.censusindia.gov.in/2011census/dchb/DCHB.html)

<sup>c</sup> MP Governments has set up State Skill Development Mission as nodal body to anchor the skill development agenda in the State. The skill building and livelihood training programs –under this Project- will be organized in consultation with the Madhya Pradesh Council for Vocational Education and Training (MPCVET) and other skills and livelihood programs of the State Government.

## APPENDIX 8: DESIGN AND MONITORING FRAMEWORK

<b>Impacts the Project is Aligned with:</b> Economic growth and urban living conditions improved, and infant mortality reduced in Madhya Pradesh (Twelfth Five-Year Plan and Madhya Pradesh Vision 2018) <sup>a</sup>			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks</b>
<p><b>Outcome</b></p> <p>Quality, coverage, efficiency, and sustainability of urban service delivery improved in Madhya Pradesh</p>	<p>By 2023:</p> <p><u>Quality and coverage</u></p> <p>a. Continuous piped water supply coverage increased to 90% (300,000 households), including at least 25% from vulnerable households, below poverty line (BPL) households, and households headed by women in 64 towns (2015 baseline: 0%)</p> <p>b. Time for fetching water by women in households headed by women and/or BPL households reduced to 10 minutes (2015 baseline: 55 minutes)</p> <p>c. Coverage of decentralized sewage management increased to at least 70%, covering 6,000 households, including at least 25% vulnerable households, BPL households, and households headed by women, in two tourist towns (Khajuraho and Rajnagar) (2015 baseline: 0%)</p> <p>d. 90% of the water quality tests met the country standards (2015 baseline: 0%)</p> <p>e. Incidence of waterlogging and/or flooding reduced by 50% in Khajuraho and Rajnagar (2015 baseline: seven flooding events per year)</p> <p><u>Efficiency and sustainability</u></p> <p>f. Nonrevenue water maintained below 15% for piped water supply (2015 baseline: more than 40%)</p> <p>g. 80% of annual (O&amp;M) cost recovered from water tariff collection in 70% of urban local bodies (ULBs) (2015 baseline: less than 20% in sample towns)</p>	<p>a–c. State census sex- and poverty-disaggregated baseline survey at project inception and updated annually</p> <p>d–e. ULB annual report on service-level benchmarks</p> <p>f–g. Project performance and monitoring system (PPMS) from Madhya Pradesh Urban Development Company (MPUDC)</p>	<p>Risks related to climate change adversely affect water sustainability</p>
<p><b>Outputs</b></p> <p>1. Water supply infrastructure in 64 project towns and integrated storm water and sewage infrastructure in two tourist towns improved</p>	<p>By 2019:</p> <p>1a. Water treatment capacity of 180 MLD installed (2015 baseline: 90 MLD)</p> <p>1b. 3,800 km water supply pipes installed (2015 baseline: 130 km )</p> <p>1c. 300,000 households provided with metered piped connections, including at least 25% from vulnerable households, BPL households, and households headed by women, in project covered areas (2015 baseline: 0)</p> <p>1d. Three MLD sewage or septage</p>	<p>1a–b. PPMS from MPUDC</p> <p>1c–e. Quarterly progress reports from MPUDC</p>	<p>Lack of qualified contractors may lead to delays in project implementation, and result in cost and time overruns</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<p>2. Systems to ensure sustainable urban infrastructure operation and management in all the project towns established</p> <p>3. Capacity of MPUDC, and ULBs in 64 project towns improved</p>	<p>treatment plants constructed (2015 baseline: 0)</p> <p>1e. 120 km new sewer and storm water mains and networks in Khajuraho and Rajnagar installed (2015 baseline: 82 km)</p> <p>By 2022:</p> <p>2a. 23 performance-based DBO contracts covering 64 project towns delivered (2015 baseline: 0)</p> <p>2b. At least 20 water supply customer service centers established in the project towns (2015 baseline: 0)</p> <p>2c. Volumetric water billing service delivered to 100% customers (2015 baseline: 0)</p> <p>2d. Water supply pressure of at least 7 meters achieved consistently at consumer end (2015 baseline: 0)</p> <p>2e. Underground water recharge systems maintained in four towns (2015 baseline: 0)</p> <p>By 2022</p> <p><u>Demand-side capacity</u></p> <p>3a. At least 240,000 households reached by awareness-raising campaigns on water conservation, environmental protection, and hygiene (with at least 50% of participants from female-headed households or BPL)</p> <p>3b. Grievance redress committees (at least 30% of committee representatives are women) constituted in each of the 64 project towns</p> <p><u>Supply-side capacity</u></p> <p>3c. GIS for effective O&amp;M of water services in 64 towns established and operational</p> <p>3d. 400 people from MPUDC and ULBs trained on managing and monitoring DBO performance-based contracts (at least 30% are women)</p> <p>3e. Information technology systems to improve ULBs' day-to-day management in 15 pilot towns set up and operational</p> <p>3f. Sanitation safety plans developed and implemented in 64 project towns</p> <p>3g. 400 people (at least 50% are women) trained in income-earning opportunities on project asset O&amp;M</p>	<p>2a–e. Quarterly progress reports from MPUDC</p> <p>3a. Annual State data from MPUDC</p> <p>3b–g. Quarterly Project progress reports and PPMS</p> <p>3f. Project completion report</p>	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<b>Key Activities with Milestones</b>			
<p><b>1. Water supply infrastructure in 64 project towns and integrated storm water and sewage infrastructure in two project towns improved</b></p> <p>1.1 Complete project outline designs for all project towns (Q1 2017)  1.2 Complete bidding of all 23 DBO packages (Q3 2017)  1.3 Complete design and construction of all packages (Q4 2019)  1.4 Install metered piped water connections in 300,000 properties (Q4 2019)</p> <p><b>2. Systems to ensure sustainable urban infrastructure operations and management established in all the project towns</b></p> <p>2.1 Contractors successfully operate water supply delivery in all the 23 contracts (Q1 2021)  2.2 Establish 20 water supply customer service centers to serve all project towns (Q3 2020)  2.3 Conduct regular customer satisfaction surveys for water supply (Q4 2021)</p> <p><b>3. Capacity of MPUDC ULBs in 64 project towns improved</b></p> <p>3.1 Establish gender budget cell in the Urban Development and Housing Department (Q3 2017)  3.2 Conduct water conservation, environmental, and hygiene awareness-raising activities, with women comprising at least 50% of the participants (Q1 2018)  3.3 Constitute grievance redress committees in each project town, with women comprising at least 30% of committee representatives (Q3 2017)  3.4 Hire consultants to design and set up information technology systems to improve management and service provision in 15 pilot towns (Q4 2018)  3.5 Hire consultants to design GIS for effective O&amp;M of water services in 64 towns (Q2 2020)  3.6 Conduct 16 workshops on contract management covering 64 towns with at least 30% participation by women (Q2 2020)  3.7 Complete and implement detailed sanitation safety plan in the project towns (Q2 2022)  3.8 Train 400 people in water supply system O&amp;M (Q2 2022)</p>			
<b>Inputs</b>			
Asian Development Bank			
Ordinary capital resources: \$275.0 million (regular loan)			
TASF-other sources: \$1.0 million (grant)			
State Government of Madhya Pradesh: \$124.0 million			
<b>Assumptions for Partner Financing</b>			
Not applicable			

BPL = below poverty line, DBO = design–build–operate, GIS = geographic information system, km = kilometer, MLD = million liters per day, MPUDC = Madhya Pradesh Urban Development Company Limited, O&M = operation and maintenance, PPMS = project performance monitoring system, Q = quarter, TASF = Technical Assistance Special Fund, ULB = urban local body.

<sup>a</sup> State Government of Madhya Pradesh. 2012. *Twelfth Five-Year Plan, 2012–2017 and Annual Plan, 2012–2013*. Bhopal; and State Government of Madhya Pradesh. 2013. *Madhya Pradesh Vision 2018: An Agenda for Development, Change and Good Governance*. Bhopal.

Source: Asian Development Bank.

## **APPENDIX 9: COMMUNITY AWARENESS AND PARTICIPATION PLAN**

1. Consultations were held for all subprojects implemented under the current project with target sections as beneficiaries of subprojects including indigenous peoples and the poor, affected households (if any), elected representatives, government departments and other stakeholders. Further, consultations were held during subproject finalization to assess the magnitude of involuntary resettlement in each subproject (if any). The subprojects proposed for assistance from ADB aim at improving access to water supply and sanitation services, improved environmental health outcomes and reduced water-borne disease burden for the population of project towns and contribute to overall development of the urban local bodies.

2. Improving provision for water supply and sewerage and sanitation services must be based on an understanding of the needs and priorities of those who, within households, are responsible for water collection, sanitation, and other daily necessities. In most instances these responsibilities fall on women and girl children, who are rarely consulted. Further, the poor are often not consulted in projects and schemes that aim at improving their quality of life. Keeping this in mind, the government as part of the project, has developed a consultation and participation plan from the sub-project identification stage through the implementation stage and possible options of participation in operation and maintenance of facilities.

3. The government intends to consult and closely engage with stakeholders in project towns. The aim is to achieve 100% connections to households, irrespective of socio-economic and vulnerability status. The government also intends to mainstream participation by women and youth in project implementation, which would possibly extend to operation and maintenance.

Project Cycle	Target Group	Consultation Tools	Consultation and Participation Target	Indicators	Source of Verification	Responsibility
Planning stage	Beneficiaries including women, youth and marginalized social groups (SC/ST/other vulnerable)	Focus group discussions	Overview of the proposed project and interventions Definition of issues and constraints in access to services and resources List of needs and initial prioritization Reform plan	Number of Consultation sessions carried out for various stakeholder groups including number of participants Number of comments and/or suggestions received and converted into actions and/or projects Base line indicators in relation to select DMF targets At least 15% participation by women (target)	Summary of consultations with each group. Baseline indicators in relation to select DMF targets	PMU and PIUs, assisted by PMC.
	Elected representatives / leaders of Local Authorities	Council/Corporation level meetings and presentations.				
	Civil society organizations – women / youth associations, others as identified	Key informant interviews with leaders				
	Local registered nongovernment organizations	Focus group discussions				
	Trader Association	Focus group discussions				
	Academic institutions	Focus group discussions				
	Elected representatives / leaders of local authorities	Class room discussions or orientation and training	Orientation/training of local authorities; leaders in participatory approaches decision making and in monitoring and evaluation.	Number of leaders of local authorities trained.	Summary of orientation.	
Subproject identification stage	Beneficiaries including women, youth, IP/ST and other poor and marginalized social groups	Focus group discussions Information leaflets about subproject and benefits. Newspaper articles seeking feedback Open house meetings	Overview of service requirements Subproject selection criteria <ul style="list-style-type: none"> <li>• Reason for prioritizing the subproject</li> <li>• Improvements and/or benefits envisages</li> <li>• User contribution requirements</li> <li>• Implementation</li> </ul>	Number of consultation sessions carried out for various stakeholders groups including number of participants	Note of views received and incorporated into the selection of subprojects.	PMU and PIUs, assisted by PMC or Design Consultants.

Project Cycle	Target Group	Consultation Tools	Consultation and Participation Target	Indicators	Source of Verification	Responsibility
			schedules and arrangements			
	Elected representatives / leaders of local authorities	Key informant interviews Information leaflets about subproject and benefits Open house meetings	Willingness to pay assessments Possibility of community participation in O&M.			
	Civil society organizations – women’s society / youth associations. Others as identified.	Information leaflets about subproject and benefits. Open house meetings.				
	Local registered nongovernment organizations	Information leaflets about subproject and benefits. Open house meetings.				
	Traders associations	Information leaflets about subproject and benefits. Open house meetings.				
	Academic institutions	Information leaflets about subproject and benefits. Open house meetings.				
Subproject design stage	Beneficiaries including women, youth, and marginalized social groups including scheduled tribes and scheduled castes. Elected representatives / leaders of local authorities	Focus group discussions Newspaper articles seeking feedback Open house meetings Households	Summary of reports (DPR/IEE/Resettlement Plan/IPP/DDR) Design criteria <ul style="list-style-type: none"> <li>Alternative considered project components involving land acquisition mitigation measures</li> <li>Environmental</li> </ul>	Number of consultation sessions carried out for various stakeholders groups including number of participants Agreement on O&M arrangements	Note on views of participants Number of objections and/or suggestions received and actions taken Baseline	PMU and PIUs assisted by PMC or Design Consultants (DC).

Project Cycle	Target Group	Consultation Tools	Consultation and Participation Target	Indicators	Source of Verification	Responsibility
			impacts and mitigation measures			
	Affected households	Focus group discussions Household questionnaire	Summary of reports (DPR/IEE/Resettlement Plan/IPP/DDR) Design criteria <ul style="list-style-type: none"> <li>• Alternatives considered</li> <li>• Extent of land acquisition and mitigation measures</li> <li>• Proposed resettlement and rehabilitation measures, if any</li> </ul>	Number of consultation held	Views of participants Number of objections and/or suggestions received and action taken Feedback on rehabilitation and restoration measures	PMU and PIUs assisted by PMC or Design Consultants.
Subproject implementation stage	Elected representatives and/or leaders of local authorities Interest groups and vulnerable groups Civil society organizations, women's society and/or youth associations, Others as identified Local registered nongovernment organizations Traders association Academic institutions	Focus group discussions Monitoring surveys Periodic open house meetings Newspaper articles Display of project details on site	Progress of implementation Temporary impacts and/or discomfort to public Advance communication about civil works schedule Quality and adequacy of environment and social mitigation measures undertaken Share design changes, if any reason for the same alternatives considered Efficacy of the grievance redressal system Labor standards and safety measures Awareness measures Sanitation and water conservation HIV/AIDS and other communicable diseases Formulation of use and/or community groups responsible for O&M	Number of consultation sessions carried out for various stakeholders groups including number of participants	Views of participants and/or grievances received and action taken report	PIU, contractor PMU, PMC
	Affected households	Focus group	Grievance redressal		Report on	

Project Cycle	Target Group	Consultation Tools	Consultation and Participation Target	Indicators	Source of Verification	Responsibility
		discussions	mechanism Temporary impacts review		grievance redressal and actions on temporary impacts.	
	User group	Focus group discussions	O&M issues, structure of arrangements and agreements	Consultations held Formulation of necessary committees and selection of key staff	Minutes of consultation Agreements on O&M arrangements	
Post project implementation	Beneficiary communities	Structured meetings Focus group discussions Individual interviews	O&M issues and/or Management by user and/or community groups –in small or localized community infrastructure Satisfaction levels Performance in relation to DMF targets	Number of project/activities transferred Performance in terms of efficiency of O&M	Notes on beneficiaries perception of project benefits Feedback reports Community satisfaction	PIU and beneficiaries or user groups
Monitoring and evaluation	Beneficiary communities User groups Elected representatives and/or leaders of local authorities	Individual interviews Focus groups discussion	Participation in evaluation feedback to the local authority on benefits Monitoring service delivery Impacts on women and vulnerable amongst the beneficiaries and/or user groups Progress on Reform Plan Comparison with DMF targets	Numbers of local leaders who participated in monitoring and evaluation activities	Note and/or report Facility specific performance Progress on reforms Impacts on women and vulnerable groups	PIU in consultation with beneficiary communities and user groups

## **APPENDIX 10: OUTLINE QUARTERLY PROGRESS REPORT FORMAT**

### **A. Introduction and Basic Data**

- (i) ADB loan number, project title, borrower, executing agency, implementing agency(ies);
- (ii) total estimated project cost and financing plan;
- (iii) status of project financing including availability of counterpart funds;
- (iv) dates of approval, signing, and effectiveness of ADB loans;
- (v) original and revised (if applicable) ADB loan closing date and elapsed loan period based on original and revised (if applicable) loan closing dates; and
- (vi) date of last ADB review mission.

### **B. Utilization of Funds (ADB Loan, and Counterpart Funds)**

- (i) cumulative contract awards financed by the ADB loan, and counterpart funds (commitment of funds to date), and comparison with time-bound projections (targets);
- (ii) cumulative disbursements from the ADB loan, and counterpart funds (expenditure to date), and comparison with time-bound projections (targets); and
  - B. re-estimated costs to completion, need for reallocation within ADB loan categories, and whether an overall project cost overrun is likely.

### **C. Project Purpose**

- (i) status of project scope/implementation arrangements compared with those in the Report and Recommendation of the President (RRP), and whether major changes have occurred or will need to be made;
- (ii) an assessment of the likelihood that the immediate development objectives (project purpose) will be met in part or in full, and whether remedial measures are required based on the current project scope and implementation arrangements; and
- (iii) an assessment of changes to the key assumptions and risks that affect attainment of the development objectives.

### **D. Implementation Progress**

- (i) provide a brief summary assessment of progress or achievements in implementation since the last progress report;
- (ii) assessment of the progress of each project component, such as,
  - (a) recruitment of consultants and their performance;
  - (b) procurement of goods and works (from preparation of detailed designs and bidding documents to contract awards); and
  - (c) the performance of suppliers, manufacturers, and contractors for goods and works contracts;
- (iii) assessment of progress in implementing the overall project to date in comparison with the original implementation schedule—quantifiable and monitorable target, (include simple charts such as bar or milestone to illustrate progress, a chart showing actual versus planned expenditure, S-curve graph showing the relationship between physical and financial performance, and actual progress in comparison with the original schedules; and

- (iv) an assessment of outcome/output achievements versus targets – based on project performance monitoring system (PPMS) developed from design and monitoring framework of the project.

#### **E. Major Project Issues and Problems**

Summarize the major problems and issues affecting or likely to affect implementation progress, compliance with covenants, and achievement of immediate development objectives. Recommend actions to overcome these problems and issues (e.g., changes in scope, changes in implementation arrangements, and reallocation of loan proceeds).

#### **F. Compliance with Safeguards and Covenants**

- (i) review the borrower's compliance with policy loan covenants, and, where relevant, provide any reasons for any noncompliance or delay in compliance; and
- (ii) provide a summary assessment of compliance with resettlement and environmental safeguards.

#### **Appendixes**

1. Summary Loan Covenant Review
2. Summary Gender Action Plan Progress (separate format available)

## APPENDIX 11: OUTLINE OF SEMI-ANNUAL MONITORING REPORTS

### I. SEMI-ANNUAL ENVIRONMENTAL MONITORING REPORT TEMPLATE

*This template must be included as an appendix in the IEE that will be prepared for the project. It can be adapted to the specific project as necessary.*

#### A. Introduction

- Overall project description and objectives
- Environmental category as per ADB Safeguard Policy Statement, 2009
- Environmental category of each subproject as per national laws and regulations
- Project Safeguards Team

Name	Designation/Office	Email Address	Contact Number
1. PMU			
2. PIUs			
3. Consultants			

- Overall project and sub-project progress and status
- Description of subprojects (package-wise) and status of implementation (preliminary, detailed design, on-going construction, completed, and/or O&M stage)

Package Number	Components/List of Works	Status of Implementation (Preliminary Design/Detailed Design/On-going Construction/Completed/O&M) <sup>a</sup>	Contract Status (specify if under bidding or contract awarded)	If On-going Construction	
				%Physical Progress	Expected Completion Date

<sup>a</sup> If on-going construction, include %physical progress and expected date of completion

### B. Compliance Status with National/State/Local Statutory Environmental Requirements<sup>1</sup>

Package No.	Subproject Name	Statutory Environmental Requirements <sup>a</sup>	Status of Compliance <sup>b</sup>	Validity if obtained	Action Required	Specific Conditions that will require environmental monitoring as per Environment Clearance, Consent/Permit to Establish <sup>c</sup>

<sup>a</sup> Specify (environmental clearance? Permit/consent to establish? Forest clearance? Etc.)

<sup>b</sup> Specify if obtained, submitted and awaiting approval, application not yet submitted

<sup>c</sup> Example: Environmental Clearance requires ambient air quality monitoring, Forest Clearance/Tree-cutting Permit requires 2 trees for every tree, etc.

### C. Compliance Status with Environmental Loan Covenants

No. (List schedule and paragraph number of Loan Agreement)	Covenant	Status of Compliance	Action Required

### D. Compliance status with the environmental management plan (refer to EMP Tables in Approved IEE/s)

- Confirm if IEE/s require contractors to submit site-specific EMP/construction EMPs. If not, describe the methodology of monitoring each package under implementation.

#### Package-wise Implementation Status

Package Number	Components	Design Status (Preliminary Design Stage/Detail ed Design Completed)	Final IEE based on Detailed Design				Site-specific EMP (or Construction EMP) approved by Project Director? (Yes/No)	Remarks
			Not yet due (detailed design not yet completed)	Submitted to ADB (Provide Date of Submission)	Disclosed on project website (Provide Link)	Final IEE provided to Contractor/s (Yes/No)		

- Identify the role/s of Safeguards Team including schedule of on-site verification of reports submitted by consultants and contractors.
- For each package, provide name/s and contact details of contractor/s' nodal person/s for environmental safeguards.

<sup>1</sup> All statutory clearance/s, no-objection certificates, permit/s, etc. should be obtained prior to award of contract/s. Attach as appendix all clearance obtained during the reporting period. If already reported, specify in the "remarks" column.

- Include as appendix all supporting documents including signed monthly environmental site inspection reports prepared by consultants and/or contractors.
- With reference to approved EMP/site-specific EMP/construction EMP, complete the table below
- Provide the monitoring results as per the parameters outlined in the approved EMP (or site-specific EMP/construction EMP when applicable).
- In addition to the table on EMP implementation, the main text of the report should discuss in details the following items:
  - (i) **Grievance Redress Mechanism.** Provide information on establishment of grievance redress mechanism and capacity of grievance redress committee to address project-related issues/complaints. Include as appendix Notification of the GRM (town-wise if applicable).
  - (ii) **Complaints Received during the Reporting Period.** Provide information on number, nature, and resolution of complaints received during reporting period. Attach records as per GRM in the approved IEE. Identify safeguards team member/s involved in the GRM process. Attach minutes of meetings (ensure English translation is provided).
    - (a) Confirm if any dust was noted to escape the site boundaries and identify dust suppression techniques followed for site/s.
    - (b) Identify muddy water was escaping site boundaries or muddy tracks were seen on adjacent roads.
    - (c) Identify type of erosion and sediment control measures installed on site/s, condition of erosion and sediment control measures including if these were intact following heavy rain;
    - (d) Identify designated areas for concrete works, chemical storage, construction materials, and refueling. Attach photographs of each area.
    - (e) Confirm spill kits on site and site procedure for handling emergencies.
    - (f) Identify any chemical stored on site and provide information on storage condition. Attach photograph.
    - (g) Describe management of stockpiles (construction materials, excavated soils, spoils, etc.). Provide photographs.
    - (f) Describe management of solid and liquid wastes on-site (quantity generated, transport, storage and disposal). Provide photographs.
    - (h) Provide information on barricades, signages, and on-site boards. Provide photographs.
    - (i) Provide information on
    - (j) Checking if there are any activities being under taken out of working hours and how that is being managed.

**Summary of Environmental Monitoring Activities (for the Reporting Period)<sup>a</sup>**

<b>Impacts (List from IEE)</b>	<b>Mitigation Measures (List from IEE)</b>	<b>Parameters Monitored (As a minimum those identified in the IEE should be monitored)</b>	<b>Method of Monitoring</b>	<b>Location of Monitoring</b>	<b>Date of Monitoring Conducted</b>	<b>Name of Person Who Conducted the Monitoring</b>
<b>Design Phase</b>						
<b>Pre-Construction Phase</b>						
<b>Construction Phase</b>						
<b>Operational Phase</b>						

<sup>a</sup> Attach Laboratory Results and Sampling Map/Locations.



**Noise Quality Results**

Site No.	Date of Testing	Site Location	LA <sub>eq</sub> (dBA) (Government Standard)	
			Day Time	Night Time

Site No.	Date of Testing	Site Location	LA <sub>eq</sub> (dBA) (Monitoring Results)	
			Day Time	Night Time

**G. Summary of Key Issues and Remedial Actions**

- Summary of follow up time-bound actions to be taken within a set timeframe.

**Appendixes:**

1. Photos
2. Summary of consultations
3. Copies of environmental clearances and permits
4. Sample of environmental site inspection report
5. Other

### SAMPLE ENVIRONMENTAL SITE INSPECTION REPORT

Project Name \_\_\_\_\_  
 Contract Number \_\_\_\_\_

NAME: \_\_\_\_\_ DATE: \_\_\_\_\_  
 TITLE: \_\_\_\_\_ DMA: \_\_\_\_\_  
 LOCATION: \_\_\_\_\_ GROUP: \_\_\_\_\_

WEATHER CONDITION: \_\_\_\_\_

INITIAL SITE CONDITION: \_\_\_\_\_

CONCLUDING SITE CONDITION:  
 Satisfactory \_\_\_\_\_ Unsatisfactory \_\_\_\_\_ Incident \_\_\_\_\_ Resolved \_\_\_\_\_ Unresolved \_\_\_\_\_

INCIDENT:  
 Nature of incident: \_\_\_\_\_

Intervention Steps: \_\_\_\_\_

Incident Issues

Resolution

Project Activity Stage	Survey	
	Design	
	Implementation	
	Pre-Commissioning	
	Guarantee Period	

#### Inspection

Emissions	Waste Minimization
Air Quality	Reuse and Recycling
Noise pollution	Dust and Litter Control
Hazardous Substances	Trees and Vegetation
Site Restored to Original Condition	Yes <input type="checkbox"/> No <input type="checkbox"/>

Signature \_\_\_\_\_

**Sign off**

\_\_\_\_\_  
**Name**  
**Position**

\_\_\_\_\_  
**Name**  
**Position**

## II. SOCIAL SAFEGUARD MONITORING REPORT DURING PROJECT IMPLEMENTATION PERIOD

1. Following requirements of the ADB Safeguard Policy Statement (2009) and the *Operations Manual* section on safeguard policy (OM F1), borrowers/clients are required to establish and maintain procedures to monitor the status of implementation of safeguard plans and ensure progress is made toward the desired outcomes. For projects categorized as A or B in Involuntary Resettlement and/or Indigenous People, the Borrowers/clients are required to submit semiannual monitoring reports for ADB review. The level of detail and comprehensiveness of a monitoring report is commensurate with the complexity and significance of social safeguards impacts (involuntary resettlement and indigenous people) and with the current status of project implementation phase.

2. This outline can be used for periodic monitoring report (semiannual) and resettlement plan/indigenous peoples plan (IPP) completion report to start the civil works in the impacted areas. A safeguard monitoring report may include the following elements:

### A. Executive Summary

3. This section provides a concise statement of project scope and impacts, key findings and recommended actions.

### B. Background of the Report and Project Description

4. This section provides a general description of the project, including:

- (a) Background/context of the monitoring report which includes the information on the project, project components, safeguards categorizations and general scope of the social safeguards impacts.
- (b) Information on the implementation progress of the project activities, scope of monitoring report and requirements, reporting period, including frequency of submission and changes in project scope and adjusted safeguard measures, if applicable
- (c) Summary table of identified impacts and the mitigation actions.

### C. Scope of Impacts

5. This section outlines the detail of

- (a) Scale and scopes of the project's safeguards impacts,
- (b) Vulnerability status of the affected people/communities,
- (c) Entitlements matrix and other rehabilitation measures, as applicable, as described in the approved final resettlement plans/IPP(s).

### D. Compensation and Rehabilitation<sup>1</sup>

6. This section describes the process and progress of the implementation of the safeguards plan and other required activities as determined in the plan. This includes:

- (a) Payment of the affected assets compensation, allowances, loss of incomes, etc. to the entitled persons;

<sup>1</sup> Depending on the status of the final detail design during the submission of the report this activity might not yet started. Provide the information on the expected date the activity to be conducted instead.

- (b) Provisions of other types of entitlement as described in the matrix and implementation of livelihood rehabilitation activities as determined in the plan.

7. Quantitative as well as qualitative results of the monitoring parameters, as agreed in the plan, should be provided.

#### **E. Public Participation and Consultation**

8. This section describes public participation and consultations activities during the project implementation as agreed in the plan. This includes final consultations with affected people during resettlement plan finalization after the completion of detail design; the numbers of activities conducted; issues raised during consultations and responses provided by the project team, implementing nongovernment organizations, project supervision consultants, contractors, etc.

#### **F. Grievance Redress Mechanism (GRM)**

9. This section described the implementation of project GRM as design in the approved resettlement plan/IPP. This includes evaluations of its effectiveness, procedures, complaints receive, timeliness to resolve issues/ complaints and resources provided to solve the complaints. Special attentions should be given if there are complaints received from the affected people or communities.

#### **G. Institutional Arrangement**

10. This section describes the actual implementation or any adjustment made to the institutional arrangement for managing the social safeguards issues in the projects. This includes the establishment of safeguards unit/ team and appointment of staff in the executing agency/implementing agency; implementation of the GRM and its committee; supervision and coordination between institutions involved in the management and monitoring of safeguards issues, the roles of nongovernment organization and women's groups in the monitoring and implementation of the plan, if any.

#### **H. Monitoring Results – Findings**

11. This section describes the summary and key findings of the monitoring activities. The results are compared against previously established benchmarks and compliance status (e.g., adequacy of involuntary resettlement compensation rates and timeliness of payments, adequacy and timeliness of involuntary resettlement rehabilitation measures including serviced housing sites, house reconstruction, livelihood support measures, and training; budget for implementing EMP, resettlement plan, or IPP, timeliness and adequacy of capacity building, etc.). It also compared against the objectives of safeguards or desired outcomes documented (e.g. involuntary resettlement impacts avoided or minimized; livelihood restored or enhanced; IP's identity, human right, livelihood systems and cultural uniqueness fully respected; indigenous people not suffer adverse impacts, environmental impacts avoided or minimized, etc.). For FI projects this includes the effectiveness of the Environmental and Social Management System (ESMS) managed by the FI and its participating institutions<sup>2</sup>. If noncompliance or any major gaps identified, include the recommendation of corrective action plan.

---

<sup>2</sup> Specific for the FI projects, external agency may be required to conduct an audit of the project ESMS.

**I. Compliance Status**

12. This section will summarize the compliance status of the project activities with the loan covenants, ADB SPS (2009) on SR 2 and the approved final resettlement plan(s).

**J. Follow up Actions, Recommendation and Disclosure**

13. This section describes recommendations and further actions or items to focus on for the remaining monitoring period. It also includes lesson learned for improvement for future safeguards monitoring activities. Disclosure dates of the monitoring report to the affected communities should also be included. A time-bound summary table for required actions should be included.

**Appendix 1**

- (i) List of Affected Persons and Entitlements
- (ii) Summary of resettlement plan/IPP with entitlement matrix

**Appendix 2**

- (i) Copies of affected people's certification of payment (signed by the affected peoples)
- (ii) Summary of minutes of meetings during public consultations
- (iii) Summary of complaints received and solution status

**APPENDIX 12: SAMPLE GRIEVANCE REGISTRATION FORM**

(To be available in Hindi and English)

The \_\_\_\_\_ Project welcomes complaints, suggestions, queries, and comments regarding project implementation. We encourage persons with grievance to provide their name and contact information to enable us to get in touch with you for clarification and feedback.

Should you choose to include your personal details but want that information to remain confidential, please inform us by writing/typing **\*(CONFIDENTIAL)\*** above your name. Thank you.

<b>Date</b>	<b>Place of registration</b>	<b>Project Town</b>			
		<b>Project:</b>			
<b>Contact information/personal details</b>					
<b>Name</b>		<b>Gender</b>	* Male * Female	<b>Age</b>	
<b>Home address</b>					
<b>Place</b>					
<b>Phone no.</b>					
<b>E-mail</b>					
<b>Complaint/suggestion/comment/question</b> Please provide the details (who, what, where, and how) of your grievance below:					
If included as attachment/note/letter, please tick here:					
<b>How do you want us to reach you for feedback or update on your comment/grievance?</b>					

**FOR OFFICIAL USE ONLY**

<b>Registered by:</b> (Name of official registering grievance)	
<b>Mode of communication:</b> Note/letter E-mail Verbal/telephonic	
<b>Reviewed by:</b> (Names/positions of officials reviewing grievance)	
<b>Action taken:</b>	
<b>Whether action taken disclosed:</b>	Yes No
<b>Means of disclosure:</b>	