

Project Administration Manual

Project Number: 41603-024

Loan No.: L3612

October 2017

India: Bihar Urban Development Investment
Program—Tranche 2

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
APFS	–	audited project financial statements
CQS	–	consultant qualification selection
DMF	–	design and monitoring framework
EARF	–	environmental assessment and review framework
EIA	–	environmental impact assessment
EMP	–	environmental management plan
ESMS	–	environmental and social management system
FFA	–	framework financing agreement
GACAP	–	governance and anticorruption action plan
GDP	–	gross domestic product
ICB	–	international competitive bidding
IEE	–	initial environmental examination
IPP	–	indigenous people plan
IPPF	–	indigenous people planning framework
LAR	–	land acquisition and resettlement
LIBOR	–	London interbank offered rate
NCB	–	national competitive bidding
NGOs	–	nongovernment organizations
PAI	–	project administration instructions
PAM	–	project administration manual
PIU	–	project implementation unit
QBS	–	quality based selection
QCBS	–	quality- and cost-based selection
RRP	–	report and recommendation of the President to the Board
SBD	–	standard bidding documents
SOE	–	statement of expenditure
SPS	–	Safeguard Policy Statement
SPRSS	–	summary poverty reduction and social strategy
TOR	–	terms of reference

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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 government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Urban Development and Housing Department (UDHD) of the Government of Bihar, the state-level executing agency, and the program management unit (PMU) under the Bihar Urban Infrastructure Development Corporation (BUIDCo), the implementing agency are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by UDHD of the Government of Bihar, the PMU under BUIDCo 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 management approval of the project's project financing request (PFR) report, 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

A. Project's Rationale, Location and Beneficiaries

1. The Asian Development Bank (ADB) approved a multitranche financing facility (MFF) to India for the Bihar Urban Development Investment Program in an amount of \$200 million on 1 March 2012. The investment program aimed to improve and expand the water and sewerage infrastructure in two towns in Bihar, namely Bhagalpur and Gaya and assist the urban local bodies (ULB) of these towns to ensure sustainable operations and maintenance (O&M) of the water and sanitation services¹. Bhagalpur and Gaya are two of the largest towns with the highest economic growth potential in Bihar after the state capital, Patna. Despite being two of the three largest economic centers of Bihar, the urban service levels in the two towns are far below the national average in India. These towns have not been able to sustain the water supply services because the infrastructure is not adequate in size and condition. This was mainly attributed to inadequate new investment and O&M.

2. The first loan under the program, Tranche 1 or Loan 2861-IND, amounting to \$65 million, was signed on 25 March 2013 and became effective on 6 June 2013.² The Project 1, supported by Tranche 1 of the investment program, included subprojects for improvement of infrastructure, operations and sustainability of water supply in Bhagalpur. The project has four outputs: (i) water supply infrastructure rehabilitated and newly constructed in Bhagalpur; (ii) staffing and skills for water supply operations improved in Bhagalpur; (iii) systems for water supply service delivery management improved in Bhagalpur; and (iv) sub-project implemented on time within the budget in a transparent manner.

3. The proposed Project 2, supported by the proposed Tranche 2 of the investment program, will include physical and non-physical investments in water supply improvements in Bhagalpur and Gaya. Bhagalpur and Gaya were selected for financing under Project 2 based on the implementation capacity, project readiness and sector priorities of the government, in accordance with the agreed framework financing agreement (FFA) for the investment program. The Project 2 is aligned with improved environment and well-being of residents in the program towns as defined by the investment program. It aims to improve access to sustainable water supply services in Gaya and Bhagalpur.

B. Impact and Outcome

4. The impact will be access to better quality and sustainable urban infrastructure and services by the people, especially vulnerable households, in Bhagalpur and Gaya increased. The expected outcome will be access to quality and sustainable urban water supply improved.

C. Outputs

5. The Project 2 will have three outputs: (i) water supply infrastructure constructed and rehabilitated; (ii) staffing and skills for water supply operations improved; and (iii) systems for water supply service delivery management improved.

¹ Initially, when Bihar Urban Development Investment Program was approved in 2012, it was expected to cover four towns, namely Gaya, Darbhanga, Muzzafarpur and Bhagalpur.

² Upon request from Government of Bihar and Government of India, savings from Tranche 1 of \$8 million were cancelled from Tranche 1 in December 2014.

6. Under Output 1, Tranche 2 includes the following works packages: (i) Gaya Water Supply Project, 1 (GWSP1); (ii) Gaya Water Supply Project, Package 2 (GWSP2); and (iii) Bhagalpur Water Supply Project 2 (BWSP2). The detailed description and outputs from Project 2 are as follows:

1. Water Supply Infrastructure Constructed and Rehabilitated

7. **Water supply subproject in Gaya.** The overall objective of the Gaya Water Supply Project (GWSP) is to deliver a continuous, pressurized supply of safe water to the entire population of Gaya. The GWSP will be executed in two packages under two separate contracts.

8. Infrastructure component of GWSP 1 includes rehabilitation of the existing water source works and construction of water distribution system including transmission mains and distribution network, storage reservoirs, standpipes and metered household connections. Infrastructure component of GWSP2 will provide new water source works and transmission mains for the supply of bulk water to the Gaya water distribution system. The construction periods of Packages 1 and 2 are expected to be coterminous, such that bulk water extracted from the new water source works under Package 2 will be supplied to the water supply system developed under Package 1. As a part of the Package 1 works, certain supply points are identified to connect to the Package 2 transmission.

9. Gaya Water Supply Subproject1 (GWSP1) will include: (i) refurbishment of 29 tube wells, with 68 mld combined capacity; (ii) installation of around 37 flow meters; (iii) demolition of five pump houses and construction of nine new pump houses; (iv) construction of 16.5 km of transmission/rising mains; (v) expansion of around 447.8 km of distribution network in total; (vi) connection and metering of around 75,000 households; (vii) provision of 200 stand posts; (viii) construction of 32 monitoring stations; (ix) six overhead tanks and three ground level reservoir; and (x) construction and management of five customer service centers.

10. Gaya Water Supply Subproject 2 (GWSP 2) will include: (i) construction of 24 tube wells, with 58 mld combined capacity; (ii) installation of around 24 flow meters; (iii) construction of pump house and five control rooms; (iii) laying of around 17.05 km of rising main; (iv) construction of water storage reservoir of around 3.7 ml capacity in total; and (v) construction of one operator office cum customer service center.

11. **Water supply subproject in Bhagalpur.** The ongoing scheme for water supply improvement in Bhagalpur (BWSP1) includes overall distribution network rehabilitation and expansion, including rehabilitation of the existing water treatment facilities, construction of overhead tanks and distribution networks, bulk water metering and house connections.

12. Bhagalpur Water Supply Subproject 2 (BWSP2) the bulk water supply scheme to supplement BWSP1, will consist of following (i) Twin D type intake; (ii) one Jack well cum pump house; (iii) 2.55 km raw water main; (iv) 90.0 mld water treatment plant; (v) 9,100 m³ clear water reservoir (28.7 km transmission mains); (vi) SCADA system; and (vii) 6 raw water pumps and 13 clean water pumps.

2. Staffing and Skills for Water Supply Operations Improved

13. The various activities that will be supported by Project 2 under this output will include (i) training of 400 ULB staff in the management and O&M of urban infrastructure including water supply systems, (ii) training of 400 ULB staff on key gender mainstreaming issues and the

empowered role of women in water supply management, and (iii) training of 40 ULB staff to program and operate the supervisory control and data acquisition system.

14. Training and institutional capacity building for the ULB staff forms an important part of this output. A consultancy firm will be engaged to support the improvement of urban governance, municipal finance and preparation of service delivery action plan. The consultants will support with: (i) improving urban governance and accelerating resource mobilization through implementing municipal finance reforms and ushering of e-governance systems for both ULBs; (ii) training and capacity building of ULB staff to develop capacities in areas of procurement, project development, project management, O&M, financial management, budgeting and accounts, urban planning and e-governance; (iii) training of ULB elected officials in urban administration and provision of municipal services; (iv) supporting the ULB to undertake water utility reforms including governance reforms and tariff rationalization; (v) preparing tariff schedules for achieving an appropriate internal reserve level and full O&M recovery in Bhagalpur and Gaya; and (vi) Preparing draft legal proposals for enabling the urban service providers to take necessary actions for non-payers of water supply services, and mandatory connections in the service areas. The terms of reference for this consultancy are provided in Appendix 1.

3. Systems for Water Supply Service Delivery Management Improved

15. The various activities that will be supported by the Project 2 under this output will include (i) training of 400 ULB staff in the management and O&M of urban infrastructure including water supply systems, (ii) training of 400 ULB staff on key gender mainstreaming issues and the empowered role of women in water supply management, and (iii) training of 40 ULB staff to program and operate the supervisory control and data acquisition system.

16. The Project 2 will engage the contractors in Gaya for preparation of O&M manuals for the Gaya water supply works; development of georeferenced cadastral maps with thematic layers on a geographic information system domain,³ an integrated water supply and consumer database⁴ and a water supply utility management system;⁵ supervisory control and data acquisition with programmable logic controllers; and 4 and half year O&M of the renewed water supply system at the national service standards in Gaya. These items are already included in the scope of works for the DBO contractor engaged in Bhagalpur under BWSP1 (ongoing tranche 1).

³ Through digital and visual analysis of aerial photography and satellite data, georeferenced cadastral maps will be generated with the following thematic layers: land use and land cover, landform, transport network, surface water bodies, urban micro watershed, agglomerated settlement areas, and important landmarks. The maps will form the base for integrating water supply and sanitation (WSS) asset and consumer information for the town.

⁴ Through an asset condition survey, asset attributes including age, material, asset condition, and other relevant technical specifications will be assigned to the system and mapped as a thematic layer on the geospatial domain. Also, through a consumer survey, information on consumers (residential, commercial, industrial), technical specifications on meters, daily water consumption data, technical specifications on sewer connections, and revenue information (tariffs and charges) will be created and linked to the geospatial domain.

⁵ The system is a web-based software application to assist in making informed decisions on future WSS planning, maintenance and management activities across the town.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Table 1: Project Readiness Activities

Milestones	Responsible Agency	2016	2017												2018				
		Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Advance contracting actions																			
Surveys and detailed design of all subprojects completed	PMU,PIU	X																	
I. Tendering of 60% of the subprojects completed	PMU									X									
II. Tendering of all subprojects completed	PMU																	X	
ADB loan due diligence mission fielding	UDHD, ADB				X														
Establish project implementation arrangements	UDHD, ADB		X																
Loan negotiations	ADB, BUIDCo, DEA, UDHD,										X								
ADB board approval	ADB												X						
Loan signing	ADB, DEA, UDHD,														X				
Government legal opinion provided	ADB, DEA, UDHD															X			
Government budget inclusion	UDHD							X											
Loan effectiveness	ADB, DEA																X		

ADB = Asian Development Bank, BUIDCo= Bihar Urban Infrastructure Development Corporation, DEA = Department of Economic Affairs, UDHD= Urban Development and Housing Department (Government of Bihar).

B. Overall Project Implementation Plan ⁶

A. Design and Monitoring Framework									
1. Water supply infrastructure improved.	2013	2014	2015	2016	2017	2018	2019	2020	2021
<p>Gaya water supply subproject (GWSP1) Detailed design and tender documents completed. Contract award and project (construction) implementation.</p> <p>Gaya water supply subproject (GWSP 2) Detailed design and tender documents completed. Contract award and project (construction) implementation.</p> <p>Bhagalpur bulk water supply subproject (BWSP2) Detailed design and tender documents completed. Contract award and project (construction) implementation.</p>									
2. O&M of the asset created by the subprojects improved.	2013	2014	2015	2016	2017	2018	2019	2020	2021
O&M for GWSP1									
O&M for GWSP2									
O &M for BWSP2									
Add BWSP1									

⁶ Gantt chart available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>.

3. Systems for urban service delivery management improved	2013	2014	2015	2016	2017	2018	2019	2020	2021
Training and capacity development activities for GMC and BMC						■	■	■	
Accrual based accounting operationalized						■	■	■	
Business case proposed and adopted by ULBs							■	■	
Institutional and urban reforms including customer metering, billing and collection, introduction of water tariffs, to improve the urban service delivery management						■	■	■	
Financial statements for water and sewerage accounts prepared by ULBs							■	■	■
Proposal for ring fenced accounts prepared by PMC					■	■			
Consultant support for project management and urban reforms implementation						■	■	■	
B. Management Activities									
Procurement plan key activities to procure contract packages					■				
Consultant selection procedures					■				
Environment management plan key activities					■				
Gender action plan key activities					■				
Communication strategy key activities					■				
Annual and/or midterm review						■	■	■	■
Project completion report									■

ADB = Asian Development Bank, DBO = design-build-operate, DMF = design and monitoring framework, O&M = operations and maintenance, PIU = project implementation unit, PPMS = project performance monitoring system, SPUR = Support Program for Urban Reform financed by the United Kingdom's Department for International Development, ULB = urban local bodies.

Source: RRP, ADB estimates

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations–Roles and Responsibilities

Table 3: Management Roles and Responsibilities

Project implementation organizations	Key Management Roles and Responsibilities
Executing agency: UDHD, the state government of Bihar.	Executing agency (i) Implement institutional reform component under the Investment program; (ii) Coordinate with: (a) National and state agencies to resolve any inter-departmental issues; and (b) BUIDCo and City ULBs for implementation of physical investment activities. (iii) Ensure timely release of funds to the Investment Program; (iv) Giving administrative sanction for IFB for sub project; and (v) Monitoring physical and financial progress.
Project steering committee , comprising: (i) Development Commissioner- Chairperson; (ii) Principal Secretary, Finance; (iii) Principal Secretary, Planning and Development; (iv) Principal Secretary/ Secretary, Urban Development and Housing-Member Secretary; and (v) Managing Director, BUIDCo (PMU, ADB).	(i) Provide strategic guidance, and oversee the implementation of the investment program; (ii) Appoint auditors and fix their remuneration and ensure auditing of the project accounts; (iii) Review and provide policy direction on: (a) Implementation of the urban and institutional reform agenda; (b) Compliance with loan covenants under the ADB loans; (c) Compliance with environment and social safeguards; and (d) Critical implementation issues and in inter-departmental coordination. (iv) Approve: (a) Subproject concept, scope and cost; (b) PFR scope and cost; (c) Balance sheets, audit report and other annual reports of the program, if necessary; (d) Evaluation reports prepared by tender evaluation and consultant selection committees; and (e) Contract award and variation proposals. (v) Consider and take decision on: (a) Annual budget; and (b) Annual action plan. (vi) Establish PMU; with its field offices; and town committees of respective project towns; and (vii) Delegate powers, other than those of making rules, to the project director or other authorities.
Town Committee of each project town, comprising: (i) District Magistrate-Chairperson; (ii) Municipal commissioner; (iii) Executive engineer, ULB; (iv) NGO and civil societies; and (v) Executive engineer, PIU, BUIDCO.	(i) Endorse subproject scope of the respective towns; (ii) Review periodically the subproject progress and facilitate in the smooth implementation of the subproject; (iii) Discuss and finalize the proposal for legal, operational and financial changes with assistance of PMU and UDHD; and (iv) Coordinate to resolve the interdepartmental issues arising during the implementation of project.

Project implementation organizations	Key Management Roles and Responsibilities
BUIDCo	Implementing Agency
<p>Program Management Unit (under BUIDCo), comprising:</p> <ul style="list-style-type: none"> (i) Program director (Managing Director, BUIDCo); (ii) Additional project director (chief engineer); (iii) Project officer (water supply and sewerage engineer)-2; (iv) Assistant engineer (Water supply+ Sewerage)-2; (v) Electromechanical engineer; (vi) Assistant engineer (procurement); (vii) Chief accounts officer; (viii) Financial officer; (ix) Contract management specialist; (x) Environmental and social management coordinator (including gender); (xi) Institutional reform and capacity building officer; (xii) Office coordinator; (xiii) Public relation officer; (xiv) Office executive; (xv) computer operator-02; and (xvi) Utility Person 02. 	<ul style="list-style-type: none"> (i) Liaise and correspond with ADB on all issues related to investment program; (ii) Assist the executing agency in planning institutional reform component under the Investment program; (iii) Endorse and submit subproject scope and cost to the steering committee; (iv) Prepare PFR reports after compilation of constituent subprojects and other components; (v) Assist the executing agency in coordinating with: <ul style="list-style-type: none"> (a) National and state agencies to resolve any interdepartmental issues; and (b) PMU, field offices and City ULBs for implementation of physical investment activities. (vi) Establish an advance subaccount with a commercial bank; (vii) Approve: <ul style="list-style-type: none"> (a) Detailed engineering design, technical sanction, and bidding document; and (b) Training and capacity building program. (viii) Monitor physical and non-physical investment activities under the investment program; (ix) Monitor implementation of safeguards plans and gender action plan (GAP), guide PIU, as and when necessary, and prepare reports; (x) Recruit consultants; (xi) Manage program management consultants and design and supervision consultant and other consultants and mobilize and demobilize as an employer; (xii) Prepare and submit: <ul style="list-style-type: none"> (a) Reports to the steering committees for consideration and approval; (b) Internal audit report; (c) Reports mandated under the loan agreements and the framework financing agreement to ADB; (d) Disbursement application to ADB; and (e) Safeguards plans, GAP and corrective action plans consistent with safeguard frameworks. (xiii) Appointment of external auditor and fix their remuneration; (xiv) Submit reports of external auditor to the UDHD and ADB; (xv) Disseminate information related to the investment program to the public and media; and (xvi) Establish and maintain a project performance monitoring system at the investment program level. <p><u>Implementation functions:</u></p> <ul style="list-style-type: none"> (i) Establish field office in each subproject town fixed the strength of staff for PMU and PIUs and recruit staff; (ii) Submit subproject appraisal reports to the committees to obtain their consent; (iii) Prepare detailed engineering designs with the assistance of consultants;

Project implementation organizations	Key Management Roles and Responsibilities
	(iv) Procure works, goods and service for implementation of the project; (v) Manage the contractors, project management, and design and construction supervision and other consultants as an employer; (vi) Plan, implement, and monitor: (a) Public relations activities; (b) Gender mainstreaming initiatives; (c) Community participation activities; and (d) Safeguard compliance activities. (vii) Prepare and submit periodic progress reports on each subproject to submit UDHD and ADB maintaining and updating the PPMS; (viii) Maintain project accounts and submit consolidated monthly reports to UDHD and HD; (ix) Obtain statutory clearances; (x) Get NOC of lands for the project from the competent authorities; (xi) Coordinate for obtaining right of way clearances with related state and national agencies; (xii) Make payments to consultants and internal expenses; and (xiii) Maintain subproject and contract-level accounting.
<p>Project Implementation Unit Field office in Bhagalpur comprising:</p> (i) Superintending engineer/Executive engineer; (ii) Assistant civil engineers (water supply); (iii) Assistant electro-mechanical engineer; (iv) Junior engineer-3; (v) Accounts officer and accounts assistant; (vi) Safeguards officer; (vii) Office executive; (viii) Computer operator; and (ix) Utility person 1 <p>Project Implementation Unit field office in Gaya, comprising:</p> (i) Superintending engineer/Executive engineer; (ii) Assistant civil engineers (Water supply); (iii) Junior engineer -2; (iv) Accounts officer and accounts assistant; (v) Resettlement specialist; (vi) Office executive; (vii) Computer operator; and (viii) Utility person 1.	(i) Supervise the contractors; (ii) Monitor the QAQC plan under the contracts; (iii) Facilitate collection of data for detailed engineering design; (iv) Coordinate with various department, Utility and urban local bodies relating to issues related to implementation of subproject; (v) Make payment to contractors; (vi) Maintain the respective subproject account of payments to contractor, internal expenses or others; (vii) Implement: (a) Resettlement plans; (b) Environment management plan; (c) Indigenous peoples plan; and (d) Gender action plan. (viii) Obtain right of way clearances; (ix) Assist the town committee in their review and preparing necessary documents; (x) Assist PMU for getting land for the project component; (xi) Prepare progress report on each contract; and (xii) Supervise the work of consultant posted at city level.

ADB = Asian Development Bank, BUIDCo = Bihar Urban Infrastructure Development Corporation, PPMS = project performance monitoring system, NGO = nongovernment organization, PFR = periodic financing request, PIU = project implementation unit, PMU = program management unit, SPUR = Support Program for Urban Reform financed by the Government of United Kingdom, UDHD = Urban Development and Housing Department, ULB = urban local bodies.

Project implementation Committees	Key Management Roles and Responsibilities
<p>Technical Committee:</p> (i) Chief engineer (Chairperson); (ii) Superintending of respect PIUs; (iii) Executive engineer of PMU; (iv) Superintending engineer of BUIDCo; (v) DTL of PMC; and (vi) ATL of DSC.	(i) Technical issues related to execution of the project; (ii) Recommendation for issuance of excise duty exemption certificate; and (iii) Issues related to variations.

<p>Consultant Selection Committee comprising of:</p> <ul style="list-style-type: none"> (i) Managing Director, BUIDCo as chairperson; (ii) Additional program Director Member secretary; (iii) Executive Engineer, PMU; and (iv) Chief Accounts officer, PMU. 	<ul style="list-style-type: none"> (i) Open EOIs and proposals; (ii) Evaluate EOIs and proposals; (iii) Prepare evaluation reports; and (iv) Submit recommendation to the ADB through program director.
<p>Tender Evaluation Committee comprising of:</p> <ul style="list-style-type: none"> (i) Managing director, BUIDCo as chairperson; (ii) Additional program director member secretary; (iii) Superintending engineer of respective PIU; (iv) Executive engineer of respective sector, PMU; (v) Chief accounts officer, PMU; (vi) Procurement specialist DSC; and (vii) Deputy Team leader PMC. 	<ul style="list-style-type: none"> (i) Open tender; (ii) Evaluate bids; (iii) Prepare evaluation reports; and (iv) Submit recommendation to Executive and Tender Approval committee (BUIDCo).
<p>Asian Development Bank (ADB)</p>	<ul style="list-style-type: none"> (i) Supervise BUIDP implementation of the program; (ii) Review and approval procurement packages; (iii) Review and approval of disbursements; (iv) Disclosing program information to the public; (v) Fielding review missions; (vi) Facilitating knowledge sharing; and (vii) Provide training in program management training to PMU/ PIU staff.

ADB= Asian Development Bank, DSC = design and supervision consultant, EOI = expression of interest, PIU = project implementation unit, PMC = program management consultant, PMU = program management unit.

Source: ADB, executing agency, implementing agency

B. Key Persons Involved in Implementation

Executing Agency

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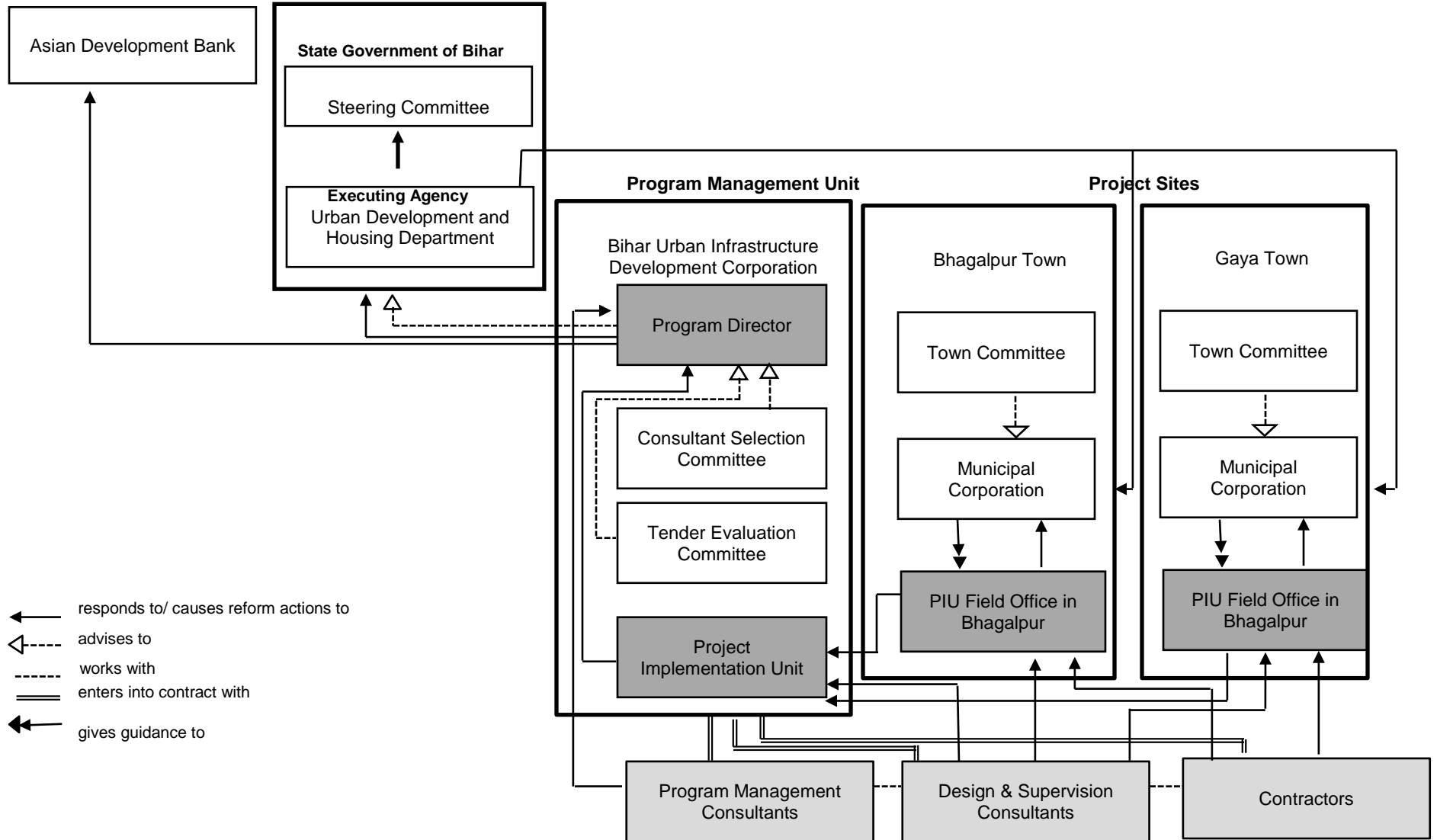
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C. Project Organization Structure

17. Project 2 organizational structure showing the reporting lines and key organizations involved in implementation is shown in figure 1.

Figure 1: Project 2 Organization Chart



IV. COSTS AND FINANCING

18. Project 2 is expected to cost \$120 million. The Government of India submitted a PFR on 1 May 2017 requesting a loan of \$84 million from ADB's ordinary capital resources (OCR) to help finance Project 2. The loan will have a 25-year term, including a grace period of 5 years,⁷ an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility, a commitment charge of 0.15% per year, and such other terms and conditions set forth in the loan and project agreements.⁸ The loan from ADB will finance (i) improvement of water supply infrastructure in Bhagalpur and Gaya; (ii) operation and maintenance of assets created; and (iii) improvement of urban service delivery and management.

19. The state government of Bihar will provide \$36 million equivalent to cover (i) resettlement costs; (ii) part of civil works and equipment; (iii) taxes and duties; (iv) interest during construction; and (v) contingencies. The government will assume foreign exchange risk, and has provided ADB with (i) reasons for its decision to borrow under ADB's LIBOR-based lending facility based on these terms and conditions; and (ii) an undertaking that the choices were its own independent decision and not made in reliance on any communication or advice from ADB. The investment plan is in Table 4 and financing plan is in Table 5.

Table 4: Project 2 Investment Plan (\$ million)

Item	Amount ^a
A. Base Cost ^b	
1. Water supply infrastructure constructed and rehabilitated	86.2
2. Staffing and skills for water supply operations improved	5.8
3. Systems for water supply service delivery management improved	6.0
Subtotal (A)	98.0
B. Contingencies ^c	16.6
C. Financing Charges During Implementation ^d	5.4
Total (A+B+C)	120.0

^a Includes taxes and duties of \$6.9 million to be financed from government sources and ADB as cash contribution.

^b In early 2017 prices. Exchange rate of ₹66.00 = \$1.00 has been applied.

^c Physical contingencies computed at 10% for civil works, equipment, and consultancy. Price contingencies computed at 1.4% to 1.5% on foreign exchange costs and 5.5% to 5.8% on local currency costs in line with escalation rates published by ADB at <http://lnadbg1.asaindevbank.org/erd004p.nsf>; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^d Includes interest and commitment charges. Interest during construction for ADB loan has been computed at the 5-year forward London interbank offered rate (2.24%) plus a spread of 0.5% as of 14 March 2017. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount and 0.10% maturity premium.

Source: Asian Development Bank estimates

Table 5: Project 2 Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank	84.0	70.0%
Government	36.0	30.0%
Total	120.0	100.0%

Source: Asian Development Bank estimates

A. Cost Estimates Preparation and Revisions

20. The cost estimates have been prepared based on the detailed project reports, where available, or other relevant details of the subprojects. The cost estimate model was prepared

⁷ The straight line method of repayment will be followed.

⁸ The average maturity is 15.25 years and the maturity premium payable to ADB is 0.1% per annum.

using Microsoft Excel and, is available with the project team and PMU. The cost estimates shall be further revised during the implementation by the PMU.

B. Key Assumptions

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

- (i) Exchange rate: ₹68 = \$1.00.
- (ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

Table 6: Escalation Rates for Price Contingency Calculation

Item	2017	2018	2019	2020	2021	Average
Foreign rate of price inflation	1.4%	2.9%	4.5%	6.0%	7.6%	4.5%
Domestic rate of price inflation	5.8%	11.6%	17.8%	24.2%	31.1%	18.1%

Source: ADB estimates.

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

C. Detailed Cost Estimates by Expenditure Category

Table 7: Cost Estimates by Expenditure Category (\$ Million)

Item	Foreign Exchange	Local Currency	Total Cost	Total Net Cost	Tax	% of Total Base Cost
A. Investment Costs						
1. Civil Works	7.6	68.4	76.0	70.3	5.6	77.5%
2. Equipment	1.5	13.7	15.2	14.5	0.7	15.5%
3. Resettlement	-	0.9	0.9	0.9	-	0.9%
4. Project management and capacity development	0.5	4.1	4.5	3.9	0.6	4.6%
Subtotal (A)	9.6	87.0	96.5	89.6	6.9	98.5%
B. Recurrent Costs						
1. Incremental administrative costs	-	1.5	1.5	1.5	-	1.5%
Subtotal (B)	-	1.5	1.5	1.5	-	1.5%
Total Base Cost	9.6	88.5	98.0	91.1	6.9	100.0%
C. Contingencies						
1. Physical contingencies	0.9	8.6	9.6	9.6	-	9.8%
2. Price contingencies	-	7.1	7.1	7.1	-	7.2%
Subtotal (C)	0.9	15.7	16.6	16.6	-	17.0%
D. Financing Charges During Implementation						
1. Interest during construction	5.0	-	5.0	5.0	-	5.1%
2. Commitment charges	0.4	-	0.4	0.4	-	0.4%
Subtotal (D)	5.4	-	5.4	5.4	-	5.5%
Total Project Cost (A+B+C+D)	15.9	104.1	120.0	113.1	6.9	122.4%

- Note:
1. Numbers may not sum precisely because of rounding.
 2. The costs of the actual audits of the project are minor and will be borne by the government.
 3. Minor environmental monitoring and implementation of resettlement plan and gender action plan cost are absorbed in B1. ADB will not finance land acquisition cost.

Source: Asian Development Bank estimates.

D. Allocation and Withdrawal of Loan Proceeds

Table 8: Allocation and Withdrawal of Loan Proceeds

No.	Item	Total Amount Allocated for ADB Financing (\$)	Basis for Withdrawal from the Loan Account
1	Civil works and Equipment	66,983,000	73.5% of total expenditure claimed
2	Project management and design supervision, capacity development, and administrative cost	3,600,000	80.0% of total expenditure claimed
3	Incremental administration	1,200,000	80.0% of total expenditure claimed
4	Unallocated	12,217,000	
	Total	84,000,000	

Source: Asian Development Bank estimates

E. Detailed Cost Estimates by Financier

Table 9: Cost Estimates by Financier (\$ Million)

Item	ADB		Tax	Government of Bihar			Total Costs
	\$	%		Non-Tax	Total	%	
A. Investment Costs							
1. Civil Works	55.8	73.5%	5.6	14.5	20.1	26.5%	76.0
2. Equipment	11.2	73.5%	0.7	3.3	4.0	26.5%	15.2
3. Resettlement	-	-	-	0.9	0.9	100.0%	0.9
4. Project management and capacity development	3.6	80.0%	0.6	0.3	0.9	20.0%	4.5
Subtotal (A)	70.6	73.1%	6.9	19.0	25.9	26.9%	96.5
B. Recurrent Costs							
1. Incremental administrative costs	1.2	80.0%	-	0.3	0.3	0.0%	1.5
Subtotal (B)	1.2	80.0%	-	0.3	0.3	20.0%	1.5
Total Base Cost	71.8	73.2%	6.9	19.3	26.2	26.8%	98.0
C. Contingencies							
1. Physical contingencies	7.0	73.5%	-	2.5	2.5	26.5%	9.6
2. Price contingencies	5.2	73.5%	-	1.9	1.9	26.5%	7.1
Subtotal (C)	12.2	73.5%	-	4.4	4.4	26.5%	16.6
D. Financing Charges During Implementation							
1. Interest during construction	-	0.0%	-	5.0	5.0	100.0%	5.0
2. Commitment charges	-	0.0%	-	0.4	0.4	100.0%	0.4
Subtotal (D)	-	0.0%	-	5.4	5.4	100.0%	5.4
Total Project Cost	84.0	70.0%	6.9	29.1	36.0	30.0%	120.0

Note: 1. Numbers may not sum precisely because of rounding.

2. The costs of the actual audits of the project are minor and will be borne by the government.

3. Minor environmental monitoring and implementation of resettlement plan and gender action plan cost are absorbed in B1. ADB will not finance land acquisition cost.

Source: Asian Development Bank estimates.

F. Detailed Cost Estimates by Outputs

Table 1: Cost Estimates by Outputs (\$ Million)

Item	Total Cost	Output 1 (Water supply infrastructure)		Output 2 (Staffing and skills for operation)		Output 3 (Water supply management)	
		\$	%	\$	%	\$	%
A. Investment Costs							
1. Civil Works	76.0	71.1	93.5%	4.9	6.5%	-	-
2. Equipment	15.2	14.3	94.1%	0.9	5.9%	-	-
3. Resettlement	0.9	0.9	100.0%	-	-	-	-
4. Project management and capacity development	4.5	-	-	-	-	4.5	100.0%
Subtotal (A)	96.5	86.2	89.3%	5.8	6.0%	4.5	4.7%
B. Recurrent Costs							
1. Incremental administrative costs	1.5	-	-	-	-	1.5	100.0%
Subtotal (B)	1.5	-	-	-	-	1.5	100.0%
Total Base Cost	98.0	86.2	88.0%	5.8	5.9%	6.0	6.1%
C. Contingencies							
1. Physical contingencies	9.6	8.5	89.2%	0.6	6.1%	0.5	4.7%
2. Price contingencies	7.1	6.2	88.1%	0.4	5.9%	0.4	6.0%
Subtotal (C)	16.6	14.8	88.7%	1.0	6.0%	0.9	5.3%
D. Financing Charges During Implementation							
1. Interest during construction	5.0	4.4	88.7%	0.3	6.0%	0.3	5.3%
2. Commitment charges	0.4	0.3	88.7%	0.1	6.0%	0.1	5.3%
Subtotal (D)	5.4	4.7	88.7%	0.3	6.0%	0.3	5.3%
Total Project Cost (A+B+C+D)	120.0	105.7	88.1%	7.1	5.9%	7.2	6.0%

Note: 1. Numbers may not sum precisely because of rounding.
 2. The costs of the actual audits of the project are minor and will be borne by the government.
 3. Minor environmental monitoring and implementation of resettlement plan and gender action plan cost are absorbed in B1. ADB will not finance land acquisition cost.

Source: Asian Development Bank estimates.

G. Detailed Cost Estimates by Year

Table 2: Detailed Cost Estimates by Year (\$ Million)

Item	Total	2017	2018	2019	2020	2021
A. Investment Costs						
1. Civil Works	76.0	3.6	11.5	22.9	25.2	12.7
2. Equipment	15.2	0.7	2.3	4.6	5.0	2.5
3. Resettlement	0.9	0.6	0.1	0.1	0.1	0.0
4. Project management and capacity development	4.5	0.3	1.1	1.1	1.1	0.8
Subtotal (A)	96.5	5.3	15.0	28.6	31.5	16.1
B. Recurrent Costs						
1. Incremental administrative costs	1.5	0.1	0.4	0.4	0.4	0.3
Subtotal (B)	1.5	0.1	0.4	0.4	0.4	0.3
Total Base Cost	98.0	5.4	15.4	29.0	31.8	16.4
C. Contingencies						
1. Physical contingencies	9.6	0.5	1.5	2.9	3.1	1.6
2. Price contingencies	7.1	0.2	0.7	1.9	2.6	1.7
Subtotal (C)	16.6	0.6	2.2	4.7	5.8	3.3
D. Financing Charges						
1. Interest during construction	5.0	0.1	0.3	0.8	1.6	2.2
2. Commitment charges	0.4	0.1	0.1	0.1	0.0	0.0
Subtotal (D)	5.4	0.2	0.4	0.9	1.6	2.2
Total Project Cost (A+B+C+D)	120.0	6.2	18.1	34.7	39.2	21.9

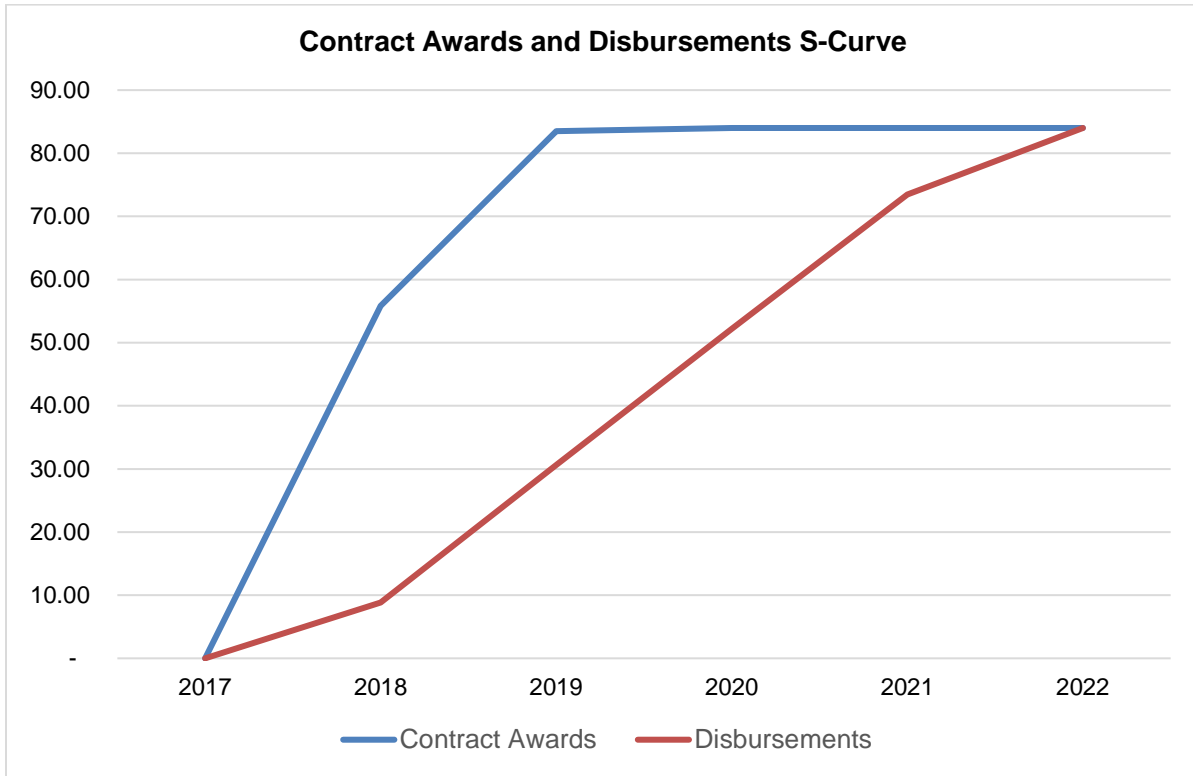
Note: 1. Numbers may not sum precisely because of rounding.
 2. The costs of the actual audits of the program are minor and will be borne by the government.
 3. Minor environmental monitoring and implementation of resettlement plan and gender action plan cost are absorbed in B1. ADB will not finance land acquisition cost.

Source: Asian Development Bank estimates.

H. Contract Awards and Disbursement and S-curve

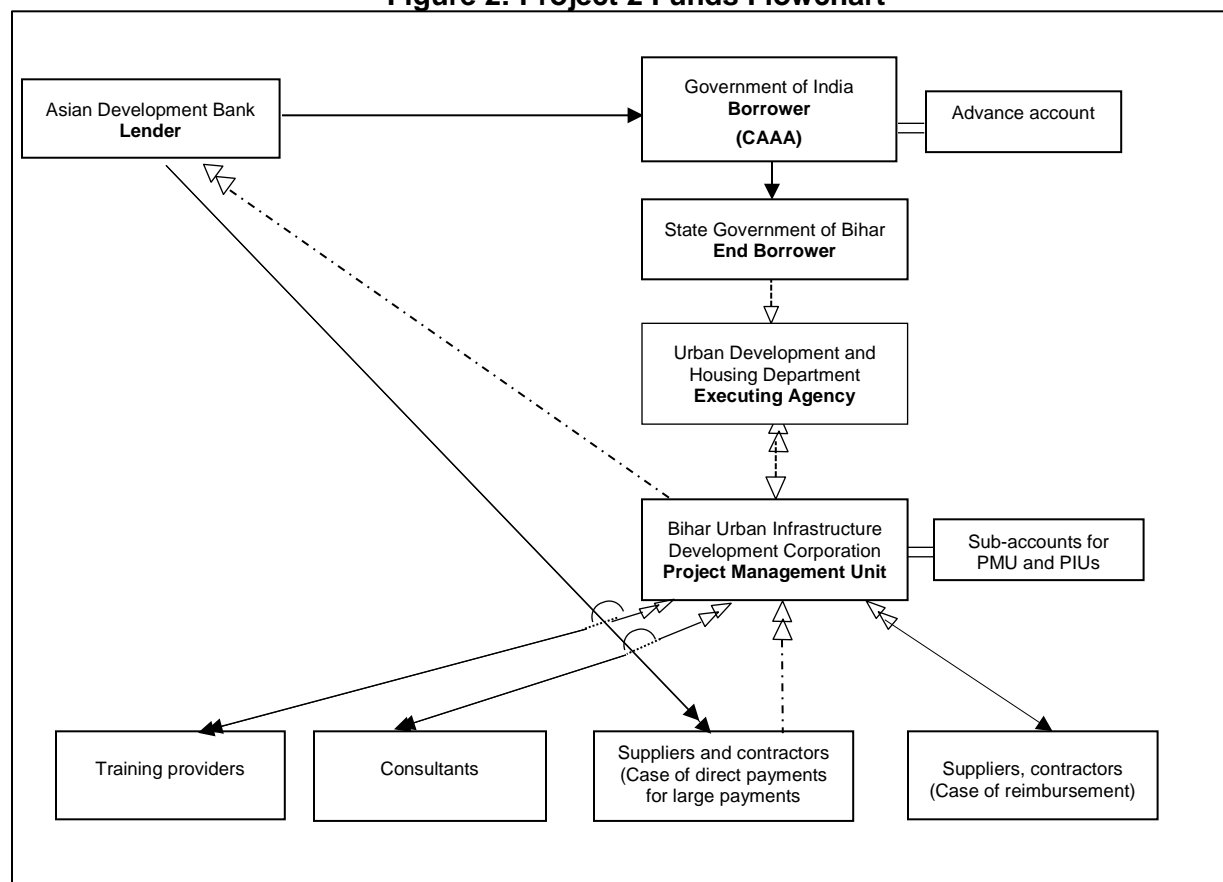
Table 12: Contract Awards and Disbursement (\$ million)

Year	Contract Awards (\$ million)					Disbursements (\$ million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2018	0.00	50.87	0.50	4.46	55.83	0.00	2.54	2.67	3.62	8.83
2019	0.00	27.17	0.50	0.00	27.67	6.19	4.82	5.39	5.38	21.78
2020	0.00	0.00	0.50	0.00	0.50	5.39	5.39	5.39	5.38	21.55
2021	0.00	0.00	0.00	0.00	0.00	5.39	5.39	5.26	5.26	21.30
2022	0.00	0.00	0.00	0.00	0.00	5.27	5.27	0.00	0.00	10.54
					84.00					84.00



I. Fund Flow Diagram

Figure 2: Project 2 Funds Flowchart



Note: The Urban Development and Housing Department (UDHD) of Bihar and the Bihar Urban Infrastructure Development Corporation (BUIDCo), the state level Management and Implementation agency are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

22. A financial management assessment (FMA) has been conducted in accordance with ADB's Guidelines for *the Financial Management and Analysis of Projects*,⁹ *the Financial Due Diligence: A Methodology Note*,¹⁰ and *the Financial Management Technical Guidance Note*¹¹ for the proposed Project 2 of the Bihar Urban Development Investment Program.

23. The FMA considered the capacity of the implementing agency, i.e., Bihar Urban Infrastructure Development Corporation Limited (BUIDCo) and two urban local bodies (ULBs) involved in operation of newly developed assets under Project 2, i.e. Bhagalpur Municipal Corporation (BMC) and Gaya Municipal Corporation (GMC), including funds flow arrangement,

⁹ ADB. 2005. *Financial Management and Analysis of Projects*. Manila.

¹⁰ ADB. 2009. *Financial Due Diligence, A Methodology Note*. Manila.

¹¹ ADB. 2015. *Financial Management Technical Guidance Note*. Manila.

staffing, accounting and financial reporting system, financial information system, and internal and external auditing arrangements.

24. The PMU, which was already established for Project 1, will implement Project 2. The PMU based in BUIDCo will be responsible for overall management, supervision, and execution of Project 2, which include: (i) liaising and corresponding with ADB on all issues related to Project 2; (ii) implementing components on institutional reform; (iii) submitting proposed scope and cost of subprojects to the steering committee; (iv) preparing periodic financing request (PFR) reports after compilation of constituent subprojects; (v) coordinating with related national and state agencies for timely implementation; (vi) establishing a second-generation advance account with a commercial bank; (vii) procuring works, goods and service for implementation; (viii) making payments to consultants; (ix) monitoring physical and non-physical investment activities; (x) monitoring the implementation of safeguards plan, guiding PIUs, as and when necessary, and preparing reports; (xi) compiling annual project accounts and audit of the same; and (xii) establishing and maintaining a project performance monitoring system (PPMS) .

25. The PIUs under BUIDCo, to be located in two project ULBs, will be responsible for: (i) supervising the contractors, and design and construction supervision consultants; (ii) planning, implementing, and monitoring public relations activities, gender mainstreaming activities, community participation activities, and safeguards compliance activities; (iii) preparing and submitting periodic progress reports; (iv) assisting PMU in maintaining and updating the PPMS; (v) making payments to contractors; (vi) maintaining project accounts; (vii) submission of project accounts to PMU for compilation and consolidation; and (viii) obtaining statutory clearances.

26. The major risk factors identified during the assessment that need to be addressed include:

- (i) insufficient experience of BUIDCo in implementing and managing externally funded projects as BUIDCo is yet to complete Project 1, which may result in the delay in implementation of Project 2;
- (ii) absence of in-house internal audit in BUIDCO which may result in delay or no internal audit of Project 2; and
- (iii) non-implementation¹² of water tariffs by the project ULBs, which will hamper the medium- and long-term sustainability of newly developed assets under Project 2.

27. Despite the highlighted risks, the financial management arrangements are satisfactory taking into the ongoing actions¹³ of the state Government of Bihar and the project ULBs into consideration. In addition, the project management consultants (PMC) and design and construction supervision consultants (DSC), already recruited under Project 1, will continue to

¹² Even though the monthly minimum flat tariffs and volumetric tariffs have been notified through the vide order reference number 3/UIG-reforms-10/12/1250 Patna, dated 12th July, 2013, issued by Government of Bihar, these tariffs have not yet been implemented in BMC and GMC.

¹³ The Government of Bihar is implementing urban reforms under DFID assisted program Support Program for Urban Reforms (SPUR). These include: (i) implementation of action plan for financial management reforms at Government of Bihar; (ii) setting up a computerized database for financial and non-financial information for all ULBs and Government of Bihar to enable effective monitoring and support; (iii) developing and implementing digitized processes to track fund allocation and utilization; (iv) developing an operational website, complying with requirements of Municipalities Public Disclosure Act, 2008 to ensure accountability of public funds; (v) implementing accrual based Double Entry Accounting System and ensure update of accounts at ULB level; (vi) conducting comprehensive valuation of assets and physical inventory at ULB level; (vii) setting up Municipal Financial Information System (MFIS) at ULB level; (viii) setting up an integrated financial system under e-Governance initiative; (ix) facilitating effective implementation of Self-Assessment System (SAS) of Holding Tax in ULBs and updating rules relating to Holding Tax and other own income sources; (x) facilitating computerization of Holding Tax including assessment, collection, recovery and MIS; (xi) preparing GIS base maps for identified ULBs and conducting follow-up surveys to achieve 100% coverage for Holding Tax; and (xii) implementing Comprehensive Fiduciary Risk Mitigation Plan at ULB level.

support BUIDCo and the project ULBs in enhancing the financial management capacity. The overall risk assessment for the proposed Project 2 of the investment program is “Moderate.” The action plan for mitigating the foreseen risks includes the following measures:

Table 13: Risk Assessment and Mitigation Plan

Area	Current scenario	Risk	Mitigation measure suggested	Target date
Managing externally assisted projects	BUIDCo does not have sufficient experiences in managing externally assisted projects	This may cause to delay in implementing Project 2 of the investment program.	Extending and continuance of full training and capacity building support with the help of PMC and DSC for the financial management capacity of BUIDCo and the project ULBs	December 2017
Internal Audit	BUIDCo does not have in-house internal audit. An outsourced independent firm of chartered accountants has been engaged for internal audit	This may result in delay or no internal audit of Project 2 of the investment program	Commitment of the state government and BUIDCo to ensure timely internal audit of Project 2 of the investment program	September 2017
Financial Sustainability	The implementation of notified water tariff including the provision for periodic revision has not yet done at project ULBs	This may hamper the medium- and long-term sustainability of assets created under Project 2 of the investment program	Commitment of the state government and the project ULBs to implement the notified water tariffs and provide for revisions in tariffs by 10% every 2 years as required to fully recover the O&M costs in both project ULBs	December 2020

BUIDCo = Bihar Urban Infrastructure Development Corporation, DSC = , PMC = , ULB = urban local body

B. Disbursement

1. Disbursement Arrangement for ADB funds

28. The Loan proceeds will be disbursed in accordance with *ADB’s Loan Disbursement Handbook* (2017, as amended from time to time), and detailed arrangements agreed upon between the government and ADB. Online training for Urban Development and Housing Department (UDHD) and BUIDCo staff on disbursement policies and procedures is available at http://wpqr4.adb.org/disbursement_elearning. BUIDCo and UDHD staff is encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

29. Disbursement procedures given in Schedule 3 “Implementation Framework: of the FFA shall continue to remain in force. Project 2 will adopt the same disbursement procedures as Project 1, i.e.: (i) direct payment; (ii) reimbursement; and (iii) advance accounts and sub-accounts for disbursing OCR funds under Project 2. The BUIDCo’s PMU will be responsible for: (i) collecting and maintaining supporting documents; and (ii) preparing and sending withdrawal applications to ADB through CAAA of Finance Department, Government of India.

30. **Advance fund procedure.** An advance account should be established and maintained by the Borrower, through CAAA, for the ADB loan. The currency of the advance account is in US Dollars. The advance account is to be used exclusively for ADB’s share of eligible expenditures. CAAA, who established the advance account in its name, is accountable and responsible for proper use of advances to the advance account. For every liquidation and replenishment request of the advance account, CAAA who established the advance account in its name is accountable and responsible for proper use of advances to the advance account, including advances to the sub-accounts.

31. The total outstanding advance to the advance account should not exceed the estimate of ADB's share of expenditures to be paid through the advance account for the forthcoming 6 months. The CAAA may request for initial and additional advances to the advance account based on an Estimate of Expenditure Sheet¹⁴ setting out the estimated expenditures to be financed through the account for the forthcoming 6 months. Supporting documents should be submitted to ADB or retained by the CAAA and BUIDCo in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time) when liquidating or replenishing the advance account.

32. **Sub-account procedure.** Three sub-accounts for Project 2 will be established and maintained by BUIDCo for PMU and PIUs of Bhagalpur and Gaya. The currency of the sub-accounts is in Indian Rupee. The sub-accounts are to be used exclusively for ADB's share of eligible expenditure. The BUIDCo's PMU should ensure that every liquidation and replenishment of each sub-account is supported by sufficient documentation in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

33. **Statement of expenditure procedure.** The statement of expenditure procedure (SOE) procedure will be adopted for reimbursement of eligible expenditures not exceeding \$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 mission, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the withdrawal application to ADB.

34. Before the submission of the first withdrawal application, the UDHD and BUIDCo 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 of each authorized person. The minimum value per withdrawal application is \$100,000 equivalent. Individual payments below this amount should be paid (i) by the BUIDCo and/or PMU and subsequently claimed to ADB through reimbursement; or (ii) through the advance fund procedure, unless otherwise accepted by ADB.

2. Disbursement Arrangement for Counterpart Fund

35. Counterpart funds will be provided by UDHD from its annual budgets, which in turn will be based on the amounts provided for the investment program in the budget of UDHD. The PMU will be responsible for (i) preparing disbursement projections; (ii) requesting budgetary allocations for counterpart funds; (iii) collecting supporting documents; and (iv) preparing claims and sending withdrawal applications to ADB through CAAA, Ministry of Finance. Taxes and duties will be borne by the counterpart funds by way of cash contribution

C. Accounting

36. The BUIDCo, as well as the UDHD, will maintain or cause to be maintained, separate project books and records by funding source for all expenditures incurred on Project 2. The BUIDCos PMU/ PIU will prepare project financial statements in accordance with the cash-based accounting laws and regulations of the Government of India, which are consistent with

¹⁴ ADB. 2015. *Loan Disbursement Handbook*. 10B.

international accounting principles and practices. Project financial statements shall include, at a minimum, a statement of receipts and payments with accompanying notes and schedules. These shall be prepared to ensure maximum alignment to international accounting standards and Government of India's Financial Regulations. The Department of Economic Affairs (DEA) has notified standardized audit TORs agreed between ADB and the CAG for ADB-funded projects in India. The templates approved by the CAG should be used for the purpose of project financial reporting and auditing. Financial statements for individual tranches may be consolidated. Project 2 financial statements will follow international accounting principles and practices.

D. Auditing and Public Disclosure

37. The BUIDCo and the UDHD will cause Project 2 financial statements to be audited in accordance with International Standards on Auditing and/or Audit Regulations of the CAG by an independent auditor acceptable to ADB. The AFS and consolidated APFS together with the auditor's opinion will be presented in the English language to ADB within 6 months of the end of the fiscal year by the BUIDCo and UDHD. The audit report for the overall BUIDCo is also included in the submission.

38. The audited BMC and GMC financial statements, together with the auditors' report and management letter, will be submitted in the English language to ADB within 1 month after their approval by the competent authority.

39. 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 loan proceeds were used only for the purposes of the project; and (iii) whether the borrower or executing agencies was in compliance with the financial covenants in legal arrangements.

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

41. The government, UDHD, and project implementing agency have been made aware of ADB's approach on delayed submission, and the requirements for satisfactory and acceptable quality of the APFS.¹⁵ ADB reserves the right to require a change in the auditor (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

¹⁵ ADB approach on delayed submission of audited project financial statements:

- When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next six 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.
- When audited project financial statements have not been 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 (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
- When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the loan.

confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

42. Public disclosure of the APFS, including the auditor's opinion on the project financial statements, will be guided by ADB's Public Communications Policy (2011, as amended from time to time). After review, ADB will disclose the APFS 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, additional auditor's opinions, and the ULB entity level financial statements will not be disclosed.¹⁶

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

43. **Advance contracting.** ADB previously approved advance contracting for projects under the investment program. On government's request, the executing agencies are proceeding with advance actions to procure civil works, goods and consulting services under Project 2. The Government of India is expecting to request retroactive financing under Project 2. The executing agencies have been advised that ADB's approval of advance contracting and retroactive financing does not constitute a commitment to finance the loan. All advance contracting and retroactive financing will be undertaken in conformity with ADB's 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).

44. Advance contracting of: (i) civil works; (ii) equipment and materials; and (iii) recruitment of consultants was requested by the executing agencies subject to these being eligible as per the agreed procedures and guidelines. Advance contracting would include: (i) tendering, and bid evaluation for civil works packages; (ii) preparation of tender documents to procure works, materials and equipment; (iii) evaluation of bids; and (iv) recruitment of consultants.

45. **Retroactive financing:** Except as otherwise agreed with ADB, the expenditures incurred for civil works, equipment and materials, and consulting services that are eligible for advance contracting, and project management and implementation expenses are eligible for retroactive financing of up to 20% of the proposed amount for the loan for eligible expenditures in each category incurred prior to effectiveness of the loan, but no earlier than 12 months before the signing of the loan agreement. The executing agencies have been advised that ADB's approval of advance contracting and retroactive financing does not constitute a commitment to finance the loan.

B. Procurement of Goods, Works and Consulting Services

46. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). Standard bidding documents (SBD) for works- large (Single stage-two envelop) will be used throughout project for the works. The procurement plan will be updated by the program management unit (PMU) of the investment program, the implementing agencies for approval by ADB at least once a year (more frequently if necessary) and will cover the next 18 months of procurement activity. A delay in loan effectiveness, other start-up delays, and delays during implementation will require an

¹⁶ This type of information would generally fall under the public communication policy exceptions to disclosure. ADB.2011. *Public Communications Policy*. Paragraph 97(iv) and/or 97(v).

unscheduled procurement plan update. ADB will review each updated procurement plan prior to its publication. When appropriate, this activity may be undertaken in the field by ADB missions working with the executing and implementing agencies.

47. The thresholds for procurement of goods and works have been increased from those in Tranche 1 as per applicable thresholds for India. International competitive bidding procedures will be used for civil works contracts estimated to cost \$40 million or more, and supply contracts valued at \$3 million or higher. Shopping will be used for contracts for procurement of works and equipment worth \$100,000 or less.

48. 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).

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

50. The PMC and DSC have already been recruited under project 1 according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). PMC and DSC under Project 1 will continue to provide services for Project 2. All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The terms of reference for Institutional and capacity building consulting services are detailed in section D.

51. Training and institutional capacity building for the ULB staff forms an important part of this output 3. A consultancy firm will be engaged to support the improvement of urban governance, municipal finance and preparation of service delivery action plan. The consultants will support with (i) improving urban governance and accelerating resource mobilization through implementing municipal finance reforms and ushering of e-governance systems for both ULBs; (ii) training and capacity building of ULB staff to develop capacities in areas of procurement, project development, project management, O&M, financial management, budgeting and accounts, urban planning and e-governance; (iii) training of ULB elected officials in urban administration and provision of municipal services; and (iv) supporting the ULB to undertake water utility reforms including governance reforms and tariff rationalization. The institutional and capacity building consultant will require 390 man-months. The consulting firm will be engaged using the quality and cost-based selection (QCBS) method with a quality-cost ratio of 90:10. The terms of reference for this consultancy are provided in Appendix 1.

C. Procurement Plan

Project Name: Bihar Urban Development Investment Program - Tranche 2	
Project Number: 41603-024	Approval Number: Not yet available
Country: India	Executing Agency: Urban Development and Housing Department
Project Procurement Classification: B	Implementing Agency: Bihar Urban Infrastructure Development Corporation
Procurement Risk: Low	
Project Financing Amount: \$200million ADB Financing: US\$ 84 million Cofinancing (ADB Administered): N/A Non-ADB Financing: N/A	Loan Closing Date: 30 August 2021
Date of First Procurement Plan:	Date of this Procurement Plan: 19 September 2017

Process Thresholds, Review, and 18-Month Procurement Plan

1. Program Procurement Thresholds

52. Except as ADB may otherwise agree, the following process thresholds shall apply to procurement of goods and works, and engagement of consulting services.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$40,000,000 and above	Prior Review
International Competitive Bidding for Goods	\$3,000,000 and above	Prior Review
National Competitive Bidding (NCB) for Works	Between US\$ 100,001 and US\$ 39,999,999	Prior Review
National Competitive Bidding for Goods	Between US\$ 100,001 and US\$ 2,999,999	
Shopping for Works	\$100,000 and below	Post Review
Shopping for Goods	\$100,000 and below	Post Review
Consulting Services		
Method	Comments	
Quality and Cost Based Selection (QCBS)		
Quality Based Selection		
Consultants' Qualifications Selection		
Least-Cost Selection		
Fixed Budget Selection		

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

53. 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.

Package Number	General Description	Estimated Value	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (Q/year)	Comments
BWSP2	DBO contract for Bhagalpur water supply project Phase 2	31,00,000	NCB	Prior	1S2E	Q4/ 2017	Prequalification of Bidders: N Domestic Preference Applicable: N Advance Contracting: Y

Package Number	General Description	Estimated Value	Procurement Method	Review (Prior/Post)	Bidding Procedure	Advertisement Date (Q/year)	Comments
GWSP1	Gaya water supply distribution package	49,130,000	ICB	Prior	1S2E	Q3 / 2016	Bidding Document: Large Works
GWSP2	Gaya bulk water supply package	10,020,000	NCB	Prior	1S2E	Q2/ 2016	Comments: Tentative, subject to loan negotiations

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

54. 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	Recruitment Method	Review (Prior/Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
1	Capacity building and institution development for ULBs	4,000,000	QCBS	Prior	Q4/2017	Full	90:10

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

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

Consulting Services								
Package Number	General Description	Estimated Value	Number of Contracts	Recruitment Method	Review (Prior/Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
1	Individual consultants	500,000	10	LCS/QBS/SS	Prior	Q4/ 2017		

5. List of Awarded and Ongoing, and Completed Contracts

56. The following tables list the awarded and ongoing contracts, and completed contracts. None yet.

6. Non-ADB Financing

57. There is no goods, works and consulting services contracts over the life of the project financed by Non-ADB sources.

D. Consultants Terms of Reference

58. Terms of reference of institutional development and capacity building consultants is attached as Appendix 1.

VII. SAFEGUARDS

A. Environmental Safeguards

59. The Project 2 is classified as category B for environment. All sites proposed for Project 2 in Gaya are not located within or adjacent to eco-sensitive areas. The Project 2's most environmentally sensitive component is the water intake as Bhagalpur is located in the middle of the 50-km Vikramshila Gangetic Dolphin Sanctuary (VGDS). The current design of the water intake will involve construction of a jack well on the land/river bank is deemed to cause the least impact as it is outside VGDS eco-sensitive zone and will be located in an already developed area. However, as the Ganges River has high siltation and turbidity, periodic dredging in the intake area during operation phase will be undertaken to maintain the depth and ensure water flow from the river to the jack well. Physical disturbance will be limited to an area of 1,040 square meter (40 meters from the bank) which is equivalent to 0.0014% of VGDS and maximum of 10 days intermittently in a year. Hydrological studies conducted during the project preparatory stage concluded withdrawal of 140 MLD has insignificant impact on the river. The ADB requested BUIDCo to collaborate with Wildlife Institute of India to see if testing or use of noise-emitting devices could be integrated as a mitigation measure into the subproject¹⁷ and to ensure no works will be conducted during daytime and periods of dolphins' biological important behaviors (breeding, feeding and resting). The three initial environmental examinations (IEEs) with environmental management plans (EMPs) were prepared for all subprojects in accordance with ADB's Safeguard Policy Statement (SPS) (2009). The National Board for Wildlife in the MOEFCC issued the no objection clearance (NOC) for diverting water from the river for BWSP2 on 4 December 2013 and the Supreme Court of India granted permission of the project in early 2014.¹⁸ The NOC for dredging activities was issued by the Principal Chief Conservator of Forest (Wildlife)/Chief Wildlife Warden of the Bihar State Wildlife Board on 6 March 2017 and conditions specified in the clearance were incorporated in the EMP and environmental monitoring program. International nongovernment organizations such as World Wide Fund – India, International Union for Conservation of Nature – India, academe and dolphin experts in Bhagalpur were consulted during the preparation of the BWSP2 IEE. The environmental assessment and review framework (EARF) prepared during MFF preparation in 2012 was updated to reflect requirements of SPS. Any impacts due to construction and operation will be site-specific, short in duration, not significant, and can be avoided and/or mitigated through measures identified in the EMPs. The IEEs were disclosed in language and form understandable by stakeholders and affected people. The IEEs will form part of the bidding and contract documents, and will be monitored during implementation. Adequate consultant support is included and/or continued in Project 1 to ensure sufficient environmental monitoring. The Project 2 will also support the VGDS Dolphin Action Plan

¹⁷Wildlife Institute of India is currently testing devices specifically for the Ganges River Dolphin (<https://futureoceans.com/pinger-trials-to-protect-endangered-ganges-river-dolphin/>)

¹⁸ These statutory clearances were based on the design considering the intake location in the river. As part of the MOEFCC NOC, several conditions were considered in finalizing the design of the intake, including (but not limited to) the need to mitigate vibration and noise, sensitizing fisherman, and the need for a long-term monitoring program. The design engineers considered a new design to avoid vibration and noise impacts to Gangetic dolphins and changed the location of intake from river (within core VGDS area) to the bank of the river. However, with the new design periodic river dredging will be required to bring water to intake.

2010-2020.¹⁹ Project 2 will support the conservation of dolphins and aquatic biodiversity of VGDS, as specified in the NOC issued by Principal Chief Conservator of Forest (Wildlife)/Chief Wildlife Warden of the Bihar State Wildlife Board, by: (i) including in the project cost of the studies on monitoring of hydrology and quality of water at a periodical basis over an appropriate zone covering downstream and upstream areas surrounding the project site; (ii) in consultation with Bhagalpur Regional Chief Conservator of Forest, developing a comprehensive scheme to foster proactive participation of fisherfolk community for dolphin conservation over a stretch of 10 km (5 km upstream and 5 downstream) of the project site; and (iii) providing budget to cover expenses for its implementation until completion BWSP2. The EMP implementation reporting to ADB will be done on a semi-annual basis.

60. The BUDICo Program Management Unit. The environmental safeguards officer in the PMU will:

- (i) confirm existing IEEs/ EMPs are updated based on detailed designs and that new IEEs/ EMPs are prepared in accordance with the EARF and subproject selection criteria related to safeguards;
- (ii) confirm whether IEEs/ EMPs are included in bidding documents and civil works contracts;
- (iii) provide oversight on environmental management aspects of subprojects and ensure EMPs are implemented by the contractors;
- (iv) establish a system to monitor environmental safeguards of the project including monitoring the indicators set out in the monitoring plan of the EMP;
- (v) facilitate and confirm overall compliance with all Government rules and regulations regarding site and environmental clearances as well as any other environmental requirements (e.g., No Objection Certificates, Consent for Establishment, Forest Clearance, Consent for Operations, etc.), as relevant; All necessary environmental clearances should be obtained prior to contract awards to avoid delay in physical progress of relevant subprojects;
- (vi) supervise and provide guidance to the contractors to properly carry out the environmental monitoring and assessments as per approved IEEs/ EMPs;
- (vii) review, monitor and evaluate the effectiveness with which the EMPs are implemented, and recommend necessary corrective actions to be taken as necessary;
- (viii) consolidate monthly environmental monitoring reports from contractors and submit semi-annual monitoring reports to ADB;
- (ix) ensure timely disclosure of final IEEs/ EMPs in locations and form and language accessible to the public and local communities; and
- (x) address any grievances brought about through the Grievance Redress Mechanism (GRM) in a timely manner;
- (xi) ensure adequate measures for climate change adaption and mitigation are incorporated in the detailed engineering design and implementation; and

¹⁹ The PMU within BUIDCo have an Environmental and Social Management Coordinator (ESMC) who address environmental and social safeguards issues with assistance from Program Management Consultants (PMC). The PMC includes an Environmental Specialist and a Social Safeguards Specialist engaged. The PIU is primarily tasked with the day-to-day implementation of safeguards plans. PIU field offices (Bhagalpur and Gaya) will have a Safeguard Officers who will be responsible for IEE/EMP and RP implementation and monitoring. PIU field offices will obtain right of way clearances and prepare progress reports with respect to IEE. PIU will be responsible for obtaining statutory clearances and obtaining NOCs from government agencies/ other entities and entering into agreements with them for use of their land. It will also co-ordinate for obtaining right of way clearances with related State and National agencies. The ESMC will ensure that the EARF, RF, IEEs/EMPs, and RPs followed during implementation. Intensive involvement of Biodiversity Expert and Bihar Forest Department will be required for safeguarding the impacts on biodiversity during implementation and operation of BWSP2.

- (xii) organize an induction course for the contractors covering, including among others, EMP implementation, health and safety, grievance redressal, and community protection.

61. The climate risk rating for Project 2 is medium.²⁰ Climate vulnerability and adaptation measures will be incorporated in the detailed engineering design and implementation. For Bhagalpur, these measures will address flood risks while for Gaya, all physical structures to take into account seismic hazard, landslide risks and future rainfall intensity. The executing agency have and will continue to incorporate adequate measures in project design, as outlined in PAM, to reduce the risks identified. The executing agencies have conducted (and will continue to do so for the remaining DED) the following, for Bhagalpur (i) flood risks assessed and incorporated in subprojects' DED; (ii) flood defense incorporated into DEDs; and (iii) design storm derived from projections of future rainfall intensity. For Gaya, (i) DED of all physical structures to take into account the seismic hazard, and consider landslides risks; and (ii) design storm derived from projections of future rainfall intensity.

B. Involuntary Resettlement and Indigenous People (Social Safeguards)

62. The Project 2 is assessed to be category B for involuntary resettlement impacts. The resettlement framework and indigenous peoples planning framework (IPPF) are updated for Project 2. Two resettlement plans (RPs) and one due diligence report (DDR) are prepared in accordance with ADB's SPS (2009), and government laws. The RPs were submitted to ADB for review, approval, and publicly disclosed. Due diligence on indigenous people reveals that there are no impacts on indigenous people's communities in the project towns of Gaya and Bhagalpur. None of the subproject sites are in scheduled areas of indigenous peoples (IPs). As per Census 2011 data, scheduled tribe population comprises 0.27% and 0.12% of the total population in Bhagalpur and Gaya towns, respectively. Census surveys reveal that there are no scheduled tribe among affected persons. The beneficiaries' population of the project towns is completely urban. Members of scheduled tribe living in the project towns, follow an urban way of life. Hence, Tranche 2 subprojects are classified as category C for indigenous people impacts and no indigenous peoples plan is prepared. In the event that any indigenous people issues are identified during implementation, mitigation action will be prepared in accordance with ADB SPS (2009), SR 3 on indigenous people and the IPPF. Any unanticipated impacts of the project will be documented and mitigated based on the spirit of the principles agreed upon in the resettlement framework and the RFCTLARRA and ADB SPS 2009 on involuntary resettlement and IPs. The BUIDCo will ensure that any physically or economically affected persons are compensated prior to displacement in components ready for construction. Environmental and social management coordinator, BUIDCo will be assisted by the PIU officer designated for social safeguards and the resettlement specialist, DSC in social safeguards implementation. All following are institutional roles and responsibilities to ensure social safeguards requirements are followed during design and construction stages.

²⁰ Project Climate Risk Screening Report shows climate and associated geophysical hazards/exposure in Bihar State as: (i) earthquake (Gaya – Moderate earthquake zone, Bhagalpur – high earthquake zone); (ii) cyclones and storms – (Gaya – High wind damage zone, Bhagalpur – Medium damage zone); (iii) floods - Bhagalpur – Medium to high exposure, Gaya – Medium exposure; (iv) drought – Gaya has high incidence of droughts; (v) projected temperature - Increases between 2011-2040, as compared to the average from 1961 to 1990 – Moderate; (vi) precipitation changes – Eastern and Central Bihar is projected to have increased rainfall of about 5-10 % compared with the 30 year average from 1961 to 1990; while southern and western Bihar (e.g. Gaya) are seen to decrease its rainfall by 5 %. Potential impacts due to changing climate and trends and associated geophysical events is assessed to be medium for the long term average and climate risk category is medium.

63. **Program management unit, BUIDCo** on behalf of responsible state agencies will:
- (i) ensure that the resettlement framework provisions are adhered to and the draft RPs prepared during project processing are updated based on detailed designs;
 - (ii) screen and ensure application of safeguards requirement on indigenous people and IPPF if indigenous people impacts are identified during project implementation;
 - (iii) engage in ongoing meaningful consultations with stakeholders and affected persons particularly through implementation of the consultation and participation;
 - (iv) review, approve, prepare RPs/ IPPs for new subprojects or components if any, with support from the national social safeguards specialists of DSC;
 - (v) ensure provision of timely payments and jobs/ training and livelihood assistance, and all proposed compensation and mitigation measures by the urban local body to the affected persons before displacement/ impact occurs in sections ready for construction;
 - (vi) inform ADB for any unanticipated impacts identified during project implementation, prepare the required corrective action plan and implement the same;
 - (vii) support PIUs for establishment of project GRM at city level and ensure all grievances are addressed;
 - (viii) conduct oversight and develop effective mechanism to monitor implementation of RPs/ IPPs (if any) to ensure smooth project implementation; and
 - (ix) review the consolidated monthly reports by DSC social safeguards specialist and submit semi-annual monitoring reports to ADB. The monitoring reports should record the progress of resettlement activities and any compliance issues, grievances, corrective actions taken, follow-up actions required and status of compliance with relevant loan covenants.
64. **Project Implementation Unit, Social Safeguards Officers – Gaya and Bhagalpur.** The PIU field offices will each be staffed with a social safeguard officer and will receive assistance from the national social safeguards specialist of DSC. The PIU field office safeguards officer will:
- (i) update the draft RPs prepared during project processing upon completion of detail design;
 - (ii) screen impacts and prepare new RPs/IPPAs in accordance with resettlement framework/ IPPF and government rules;
 - (iii) engage in ongoing meaningful consultations with stakeholders and affected persons particularly through implementation of the consultation and participation;
 - (iv) ensure provision of timely payments and jobs/ training and livelihood assistance to the affected persons and implementation of all compensation and mitigation measures by the urban local bodies before displacement/ impact occurs in project sites ready for construction;
 - (v) implement the ADB approved RPs and/or IPPAs;
 - (vi) advise and/or recommend ways to minimize/ avoid social safeguards impacts;
 - (vii) prepare and implement corrective actions in the event of any unanticipated impacts occurred during implementation to minimize and/or avoid social safeguards impacts;
 - (viii) prepare and submit semiannual social safeguards monitoring reports to ADB;
 - (ix) establish GRM at city level and address any grievances brought about through the GRM in a timely manner; and
 - (x) act as focal person at PIU level of GRM process.
65. **Project Grievance Redress Mechanism.** The Project grievance redress mechanism (GRM) is established by BUIDCo as per its resolution dated 27 May 2015 at three levels, as

indicated below and covers both environment and social issues. The GRM will be disclosed to the affected communities and households prior to the mobilization of contractors in any subproject areas. The project grievance redress committee, supported by the DSC consultants as well as the BUIDCo safeguard officers will be responsible for timely grievance redress on environmental and social safeguards issues and responsible for registration of grievances, related disclosure and communication with the aggrieved party. Contact details, procedures and complaint mechanism will be disclosed to the project affected communities at accessible locations and through various media (i.e. leaflets, newspapers, etc.). Project leaflets, Grievance Registration Forms and monitoring templates are in the resettlement framework:

- (i) **First Level Grievance.** This is the project level grievance redress forum. The phone number of the BUIDCo office should be made available at the construction site signboards. The contractors and PIU safeguard focal person can immediately resolve on-site in consultation with each other, and will be required to do so within seven days of receipt of a complaint/ grievance. Any grievances that remain unresolved within 7 days by the PIU and contractor in consultation with DSC field level staff will be escalated to the ESMC PMU who will resolve it within the time frame specified in BUIDCo's resolution;
- (ii) **Second Level Grievance.** All grievances that cannot be redressed at project level will be reviewed by the GRC/ CLC at city level headed by District Magistrate, with support from BUIDCo ESMC and designated PIU safeguard focal person and DSC environment and social specialists. The PIU safeguard focal person will be responsible to see through the process of redressal of each grievance; and
- (iii) **Third Level Grievance.** All grievances that cannot be redressed at city level will be reviewed by the project steering committee at state level headed by the State Urban Development Minister with support from City GRC, BUIDCo designated safeguard focal person at PIU, and ESMC, PMU.

Level	Description	No. of days for resolution
First Level	Field / Project Level	7 days
Second Level	City Level GRC/CLC	60 days
Third Level	State Level PSC	90 days

66. A maximum time period of 60 days is allocated for the Grievance Redress Committee/City Level Committee and 90 days for the Program Steering Committee, in BUIDCo's resolution on project grievance redress process dated 27 May, 2015, for Project 1 which will hold valid for Project 2 as well.

67. **Capacity Building.** Training in social safeguards implementation by DSC has worked well in Project 1 and the same is envisaged in Project 2. The BUDICo PMU safeguards officers and PIU social safeguards officers (SSOs)²¹ will be further trained by DSC's social safeguard specialist and by ADB safeguards specialists on ADB SPS (2009) requirements (when the opportunity arises). The ESMC PMU, supported by DSC specialist, will further brief/ train the PMU and PIU staff, design engineers, as well the contractors. Typical modules would be as follows: (i) introduction and sensitization to ADB SPS (2009) on involuntary resettlement and indigenous people policies and requirements and resettlement framework; (ii) review, updating and preparation of the RPs (and include mitigation action for indigenous people if any indigenous people issues are identified during implementation, as required) upon the completion of project detailed design; (iii) improved coordination within nodal departments; (iv) monitoring and reporting

²¹ PMU safeguards officers include an Environment Safeguard specialist who concurrently functions as ESMC and a social safeguards specialist who is under recruitment. The PIU SSOs are also in the process of being appointed.

system; and (v) project GRM. Briefings on safeguards principles and GRM will also be conducted to the contractors upon their mobilization by BUIDCo safeguards officers.

68. **Civil Works Contracts.** The BUIDCo PMU will ensure that all no objection certificates for use of government land belonging to different departments is obtained for each site prior to the start of civil works at the site. The PMU will ensure that bidding and contract documents include specific provisions requiring contractors to comply with all (i) applicable labor laws and core labor standards on prohibition of child labor as defined in national legislation for construction and maintenance activities, on equal pay for work of equal value regardless of gender, ethnicity or caste, and on elimination of forced labor; and (ii) the requirement to disseminate information on sexually transmitted diseases including HIV/AIDS to employees and local communities surrounding the project sites. Relevant provisions of the gender action plan (GAP) will be shared with the contractors' responsibilities by the BUIDCo PMU, PIUs and project urban local bodies. Contractors will carry out all environmental and social mitigation and monitoring measures outlined in their contract. DSC specialists will assist BUIDCo PMU and PIUs in monitoring contractor's compliance activities. Pursuant to ADB SPS (2009), ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth in Appendix 5 of the SPS.

VIII. GENDER AND SOCIAL DIMENSIONS

69. The Project 2 is classified as effective gender mainstreaming (EGM) and a GAP in Table 14 is formulated and agreed by BUIDCo which analyzes gender equality aspects and empirical results from the proposed project areas. The GAP will guide the mechanism and methods to address key gender equality issues in water supply distribution system in development and implementation of subprojects. It seeks to deliver the following outputs: (i) awareness-raising on importance and benefits to the target population especially women for both project towns linking them to health and sanitation, gender, social and economic empowerment and environmental conservation; (ii) consultation with community members in service areas, especially in the identified poor and slum areas, and with female members of households, heads of FHHs on planning and management of subproject activities; (iii) gender-sensitive O&M manuals by contractors on participation of members from poor and female headed households in O&M of water supply distribution; (iv) poor, unemployed women and men trained to take on jobs in plumbing O&M of project facilities and construction activities; (v) training needs assessment for ULB staff and baseline survey to identify poor and vulnerable households including FHHs for eligibility for subsidies to ensure universal connections; (vi) orientation, capacity building and gender sensitization to all PMU and PIU staff, ULBs officials and staff in Bhagalpur and Gaya, and contractors highlighting gender and other social inclusion issues and compliance on core labor standards; and (vii) inclusion of gender indicators in project performance monitoring system. The project envisages health benefits and time savings to women as water fetchers and care-givers. It also envisages long-term institutional capacity to promote inclusive development in project towns.

70. The project also envisages health benefits and time savings to women as water fetchers and care-givers, arising out of increased access to water supply, improved living conditions and long term institutional capacity to promote inclusive development within project towns. Program Management and Implementing Unit, BUIDCo will be responsible for implementing, monitoring and reporting on progress of GAP in Project 2 supported by ESMC PIU social safeguards officers in the Gaya and Bhagalpur filed offices. The budget for GAP implementation has been absorbed in cost item B1 in Table 9 and Table 10, i.e. Detailed Cost Estimates by Financier and Detailed Cost Estimates by Outputs respectively. In addition, one gender expert at IDC for 30-person

months will be mobilized on intermittent basis to provide technical support in implementation of core GAP activities till project completion.

Table 4: Gender Action Plan–Project 2

Activities	Targets and Indicators	Responsibility	Time Frame
Output 1: Water supply infrastructure constructed and rehabilitated.			
<p>(i) Generate awareness on project benefits and importance to the target population especially for women in both project towns;</p> <p>(ii) Encourage women's equitable access to jobs in all construction-related works supported by orientation for program staff and contractor(s)'s teams to enforce core labor standard (CLSs) including equal pay;¹</p> <p>(iii) Provide ten mobile public toilets cum² bath units in Bhagalpur;</p> <p>(iv) Construct 200 additional stand posts in Gaya;</p> <p>(v) Make customer service centers operational in Gaya; and</p> <p>(vi) Assess impact of the new water supply services on female beneficiaries' terms of time savings and health benefits accrued by the project.</p>	<p>Bhagalpur & Gaya</p> <p>(i) Six project orientation workshops (three each town) conducted for 400 local residents in each of the project towns (Target: Total 800 residents, 30% women);</p> <p>Bhagalpur & Gaya</p> <p>(ii) Female laborers employed in all construction-related works (skilled/unskilled); all bidding documents include relevant clauses on CLSs; all contractors maintain labor registers showing name, sex, and wage of workers; and two on site orientations conducted for contractors' teams and PIU staff on (i) key gender concepts and compliance with CLS;</p> <p>Bhagalpur</p> <p>(iii) Five awareness raising cum consultation programs conducted (30% women participants) in all the service wards on O&M of mobile public toilet cum bath units to establish 1 user cum O&M committee [Target: six females mobile public toilet cum bath unit, 1 user cum O&M Committee (Target: 30% women members in the committee);</p> <p>Gaya</p> <p>(iv) Ten public consultation meetings in all service wards organized for 500 community members to assess and identify sites for stand posts (Target: 30% women);</p> <p>Gaya</p> <p>(v) The 30% of the total staff (skilled/unskilled) at 6 customer service centers are women; and</p> <p>Bhagalpur & Gaya</p> <p>(vi) One assessment (covering both the towns) conducted with 100 women beneficiaries in each town towards the end of the Project to assess the impact (Target: 1 assessment each town, 200 beneficiaries).</p>	<p>The PIU Bhagalpur and PIU Gaya, DSC and contractors and IDC.</p> <p>Towards end of the project.</p>	<p>Year 1 until project completion.</p>
Output 2: Staffing and skills for water supply operations improved.			
<p>(i) Increase O&M staff through DBO contract;</p> <p>(ii) Train ULB staff to carry out gender analysis in the municipal wards in both project towns new water system to be put in place and analyze women's role in NRW reduction and household/community water supply management system;</p> <p>(iii) Ensure O&M manuals prepared in project towns include sections on gender-specific issues in water supply system such as: (i) impact of water supply on health and quality of lives of women; (ii) awareness and education on women's role in O&M of the new systems; and</p>	<p>Bhagalpur & Gaya</p> <p>(i) Four training programs on gender analysis each town conducted for ULB staff (Target: existing Bhagalpur 295/14 female, Gaya 105/6 female plus);</p> <p>(ii) All O&M manuals—in local language with gender-specific issues in water supply—prepared for service wards (Target: 100% O&M manuals); and</p> <p>(iii) 40 staff trained to program and operate SCADA system [(including [Target: total 40 staff, 14 women staff in Bhagalpur and 6 in Gaya).</p>	<p>BUIDCo,</p> <p>BUIDCo IDC</p>	<p>Q2 2018-Q1 2019</p>

(iv) grievance mechanisms for O&M.			
Output 3: Systems for water supply service delivery management improved.			
<p>(i) Conduct Training Need Assessment to identify specific training programs for BMC and GMC staff (both male and female);</p> <p>(ii) Incorporate needs, priorities and concerns of the community people including women in design, operations and management of water distribution system; and</p> <p>Institutional Arrangement for GAP implementation</p> <p>(iii) Ensure effective implementation, monitoring of the GAP and reporting of gender equality results.</p>	<p>Bhagalpur & Gaya</p> <p>(i) Training Need Assessment (TNA) conducted by IDC and 100% BMC and GMC staff trained (Target: One TNA report each for Bhagalpur and Gaya prepared with (i) key O&M issues of the rehabilitated and expanded assets; (ii) key women's issues and positive impacts of water supply; and (iii) women's role in O&M of the water supply system;</p> <p>(ii) All design, operations and management plans of water distribution system by contractors in both cities incorporate needs, priorities and concerns of the community people including women (Target:100% plans);</p> <p>(iii) A total of 75,000 new house service connections with functional meters installed in Gaya (2017 baseline: 28,912);</p> <p>(iv) 200 community members (100 each town) trained through five orientation programs in: (i) fundamentals of plumbing and O&M of water distribution system; and (ii) meter reading (Target: 30% women);</p> <p>(v) The ESMC at BUIDCo continues services of a gender specialist staff with specific TOR to implement, monitor, and report on GAP activities;</p> <p>(vi) Gender indicators included in PPMS and updated biannually with sex-disaggregated data;</p> <p>(vii) PIUs nominated one gender focal point each for supervision and coordination on GAP implementation;</p> <p>(viii) The IDC mobilized under Tranche 2 include one gender expert for 30 person months on intermittent basis for entire project period to provide technical support in implementation of GAP activities; and</p> <p>(ix) The GAP progress reported as appendix with all QPRs to ADB.</p>	<p>BUIDCo, and IDC</p> <p>PIUs</p>	<p>Q2 2018-Q1 2019</p> <p>Q2 2018-Q1 2019</p> <p>Q4 2019-Q4 2021</p> <p>Q4 2021</p> <p>Ongoing completion. till</p>

BMC = Bhagalpur Municipal Corporation, BUIDCo = Bihar Urban Infrastructure Development Corporation, BWSP=Bhagalpur Water Supply Project, DSC = Design and Supervision Consultant, ESMC = Environment and Social Management Coordinator, FHHs = Female Headed Households, GMC = Gaya Municipal Corporation, GWSP = Gaya Water Supply Project, IDC = Institution Development Consultant, NGO = non-government oorganization, O&M = Operation and Maintenance, PIU = Project Implementation Unit, PMC = Project Management Consultants, PPMS = Project Performance Monitoring System, SCADA= Supervisory Control and Data Acquisition (SCADA), QPRs = Quarterly Progress Report, TOR = Terms of References.

¹ Chapter VI of Building and Other Construction Workers Act (Regulation of Employment and Conditions of Services), 1996 provides for (i) maintenance of registers and records; (ii) drinking water; (iii) latrine and urinals; (iv) accommodation at sites; (v) crèche, while chapter (vii) ensures safety and health measures.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Project Design and Monitoring Framework

Impacts the Project is aligned with: Access to better quality and sustainable urban infrastructure and services, especially by vulnerable households in Bhagalpur and Gaya increased (India's Three Year Action Agenda, 2017-18 to 2019-20) ^a			
Design Summary	Performance Targets and Indicators	Data Sources and Reporting Mechanisms	Risks
Outcome Access to quality and sustainable urban water supply improved	By 2022: a. Service coverage increased to 85% of households in the project areas (2017 baseline: 31% of households) b. At least 85% of households in service area provided with 24/7 water supply (2017 baseline: intermittent water supply) c. NRW reduced to at least 20% (2017 baseline: 33% to 40%) d. O&M cost recovery from user charges increased to at least 80%. (2017 baseline: 0%)	a, b and d: Water supply operators' or third party validators' service quality compliance reports annually c: ULB's annual balance sheets for water supply	Delinquent payment of user charges result in low tariff collection
Outputs 1. Water supply infrastructure constructed and rehabilitated	By 2021: For Bhagalpur: 1a. One additional water treatment plant with a capacity of 90 MLD constructed and commissioned (2017 baseline: 17 MLD) 1b. Additional 31.25 km transmission mains constructed (2017 baseline: 6.0 km) 1c. One new reservoirs constructed with total storage capacity of 9,100 m ³ (2017 baseline: 15 m ³) 1d. Water intake with capacity of 140 MLD completed (2017 baseline: 17 MLD) For Gaya: 1e. 75,000 new house service connections with functional meters installed (15% for vulnerable households) (2017 baseline: 0) 1f. 481.35 km new distribution and transmission pipelines installed (2017 baseline: 149.6 km) 1g. 11 storage reservoirs with total capacity of 26,530 m ³ constructed (2017 baseline: 0 m ³)	For all indicators: BUIDCo's quarterly progress reports	

	<p>1h. Six customer service centers constructed and staffed (at least 30% female staff) (2017 baseline: 0)</p> <p>1i. 200 new public stand posts constructed (2017 baseline: 1,074)</p>		
2. Staffing and skills for water supply operations improved	<p>By 2021:</p> <p>For Bhagalpur and Gaya:</p> <p>2a. At least 400 ULB staff trained on management and O&M of urban infrastructure including water supply systems (205 for Bhagalpur and 195 for Gaya including 100% women staff at both the towns) (2017 baseline: 0)</p> <p>2b. At least 400 ULB staff trained on key gender mainstreaming issues and role of women in NRW reduction and household/community water supply management systems (205 for Bhagalpur and 195 for Gaya including 100% women staff in both towns) (2017 baseline: 0)</p> <p>2c. At least 40 staff trained to program and operate SCADA system systems (25 in Bhagalpur and 15 in Gaya, with at least 50% women participants) (2017 baseline: 0)</p>	2a-c: Training completion certificates	High turnover of trained key staff
3. Systems for water supply service delivery management improved	<p>By 2021:</p> <p>For Bhagalpur and Gaya:</p> <p>3a. Water operations financial statement issued every year (baseline 2017: none)</p> <p>3b. Water user charge plan, incorporating special concessionary arrangements for vulnerable households, developed and adopted by ULB (2017 baseline: 0)</p> <p>For Gaya:</p> <p>3c. New accounting system developed (baseline 2017: not applicable)</p> <p>3d. O&M manuals for water supply system prepared (2017 baseline: none)</p>	<p>3a-b: Balance sheet for water supply operations from ULB of Bhagalpur and Gaya</p> <p>3c: Water supply operators' or third party validators' service quality compliance reports annually</p> <p>3 d-f: BUIDCo's annual progress reports</p>	

	<p>3e. An integrated water supply and sanitation asset and consumer database developed (2017 baseline: none)</p> <p>2f. Water supply and sanitation utility management system developed (2017 baseline: none)</p>		
Key Activities with Milestones			
<p>1. Output 1: Water supply infrastructure constructed and rehabilitated</p> <p>1.1 Subproject land identified and acquired/transferred (completed by Q1 2016 as advance action)</p> <p>1.2 Preliminary designs of water supply subprojects prepared (Q2 2017)</p> <p>1.3 Works procured, and system designed and constructed (Q2 2017-Q2 2021)</p> <p>1.4 System commissioned and operated (Q4 2019-Q4 2021)</p> <p>1.5 Design-build-operate contract with build completion (Q4 2021)</p> <p>2. Output 2: Staffing and skills for water supply operations improved</p> <p>2.1 Additional O&M staff fielded by contractors (Q2 2018-Q4 2021)</p> <p>2.2 O&M manual prepared by contractors (Q2 2018-Q1 2019)</p> <p>2.3 Asset management system created by contractors (Q2 2018-Q1 2019)</p> <p>2.4 On-the-job training of ULB staff provided by contractors (Q2 2018-Q1 2020)</p> <p>2.5 O&M staff under municipal cadre sent to training program (Q2 2018-Q1 2020)</p> <p>3. Output 3: Systems for water supply service delivery management improved</p> <p>3.1 Development and installation of new accounting system (Q3 2018-Q2 2019)</p> <p>3.2 Business case proposed and adopted (Q2 2019-Q1 2020)</p> <p>3.3 User charge plan prepared by PMC (Q3 2017-Q4 2018)</p> <p>3.4 Proposal for ring fenced accounts prepared by PMC (Q3 2018-Q1 2020)</p> <p>3.5 All proposals submitted to ULB for adoption (Q3 2018-Q4 2019)</p> <p>3.6 Accounting system operationalized (Q3 2020-Q2 2021)</p>			
<p>Inputs</p> <p>ADB ordinary capital resources: \$84 million (regular loan)</p> <p>Government: \$36 million</p>			
<p>Cofinancier: No cofinancing expected</p>			

ADB = Asian Development Bank, BUIDCo = Bihar Urban Infrastructure Development Corporation, km = kilometer, MLD = million liters per day, m³ = cubic meter, NRW = nonrevenue water, O&M = operation and maintenance, PMC = program management consultant, Q = quarter, SCADA = supervisory control and data acquisition, ULB = urban local body.

^a Government of India, National Institution for Transforming India. 2017. *India Three Year Action Agenda (2017-18 to 2019-20)*. New Delhi (www.niti.gov.in/writereaddata/files/coop/ActionPlan.pdf).

Source: Asian Development Bank estimates.

B. Monitoring

71. **Project performance monitoring.** The steering committee (See implementation Arrangement for its structure and mandate) will be the highest authority responsible for monitoring and providing policy directions on (i) critical implementation issues interdepartmental coordination; (ii) implementation of the urban and institutional reform agenda; (iii) compliance with the framework financing agreement (FFA) and the loan covenants; and (iv) compliance with the social and environmental safeguards. To facilitate the monitoring process and illuminate the issues, PMU will establish a project performance monitoring system (PPMS) in a form and substance acceptable to ADB. The PPMS will cover the three areas: (i) project performance monitoring; (ii) compliance monitoring; and (iii) safeguards, gender and social dimension monitoring. Program director and PMU team will be responsible for project performance monitoring. The PMU will prepare the report on performance monitoring and submit it to steering committee for review. The existing PMC, engaged under Project 1, will assist the BUIDCo PMU in completing baseline data collection. They will assist the BUIDCo PMU to monitor performance of Project 2 using the targets, indicators, assumptions, and risks in the project design and monitoring framework, including how beneficiaries will be involved in project monitoring and

evaluation, and report it in the quarterly progress reports to be submitted to ADB. These reports will provide information necessary to update ADB's project performance reporting system.²²

72. **Compliance monitoring.** Institutional reform and capacity building officer, PMU will generate compliance monitoring data on FFA and loan covenants, input them in the PPMS, analyze, and report the results and corrective actions to the program director. Program director will endorse the report of institutional reform and capacity building officer, and submit it to the steering committee for review. The PMC will support the PMU/ PIU in monitoring performance based on the DMF, monitoring and evaluation framework and the PPMS for the investment program. The PMU/ PIU, with support from PMC, will prepare a quarterly progress report, which among other items; will include compliance of implementation of (i) assurances, covenants and conditions; (ii) safeguards; and (iii) consultation and participation plan (CPP) etc.

73. **Safeguards monitoring:** Project 2 PMU (under BUIDCo) will submit separate semi-annual safeguard monitoring reports on environmental and social safeguards (EMR and SMR) to ADB, which will be disclosed on ADB's website. The monitoring reports will be prepared by the PMUs' safeguards officers, with inputs from the consultants and contractors. The status of safeguards implementation, issues, and corrective actions are to be clearly reported to ADB. The status of safeguards implementation will also be discussed at each ADB review mission, with necessary issues and agreed actions recorded in Aide-Memoires. The outline of the semi-annual safeguards monitoring report is the Appendix 3.

74. **Gender and Social Dimensions Monitoring.** A summary poverty reduction and social strategy (SPRSS) has been prepared for the project 2. The SPRSS is enclosed as Appendix 2. The state economy of Bihar has grown annually at 10.05% during the period 2005-06 to 2014-15, the highest among major Indian states. Despite the high growth, Bihar ranks among the lowest in terms of per capita income. The state Government of Bihar seeks to reduce the wide disparity in per capita income between Bihar (₹15,650) and the all-India average (₹39,904) in 2014-15. The investment program links to both the government's and ADB's poverty reduction strategies as it aims to include underserved populations and poor and vulnerable, including women.

75. The project will seek to provide full coverage of water supply facilities in Bhagalpur and Gaya, including low income areas. Targeted populations will include the poor, female-headed, and disadvantaged groups such as mahadalits. Poor, vulnerable, female-headed and BPL households will benefit from subsidized water supply connections as well as employment opportunities for construction work and for O&M of facilities created. Time savings and health benefits as a result of the water supply improvements will lead to opportunity cost savings for the poor (and non-poor), especially women and girl children.

76. Urban poverty in Bihar is 31.2%, compared to 13.7% at all-India level (estimates of Tendulkar Committee, adopted in Economic Survey, India, 2014-15). It is commonly understood that income poverty data alone does not accurately reflect all dimensions of poverty in Bihar; the deeply entrenched caste system and skewed land ownership are factors that contribute to inequality and poverty. Inadequate infrastructure and stagnant manufacturing have affected economic growth. Lack of access to reliable and quality services, time spent on water collection, and water and vector-borne disease burden, are some of the key issues that affect the poor. Project 2 subprojects are designed to contribute to the outcome of MDG7 and related SDGs.

²² ADB's project performance reporting system is available at:
<http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>

77. The implementation of the gender and social dimension will be the responsibility of the UDHD and BUIDCo, through the PMU/ PIU. The environmental and social management coordinator (ESMC) at PMU is in place, who is responsible for monitoring action plan and report to program director who in turn report to steering committee. Social safeguard officer is to be appointed in PIU Bhagalpur and Gaya, will monitor the action plan at the city level and report to ESMC. Social safeguard officer with DSC and social and gender specialist of capacity building consultant to be appointed will assist PMU/ PIU for monitoring the action plan.

78. Contractors and construction workers will be made aware on communicable diseases including HIV/AIDS risks. The PMU/PIUs in collaboration with PMC and DSC shall raise awareness amongst contractors and workers. Employment of child labor is prohibited and a clause to this effect will be included in all works contract agreements. The participation strategy for Tranche 2 envisages involvement of community based organizations and women's groups in awareness generation on project benefits, tariff structure including lifeline tariffs, targeting the poor and women's participation and inclusion in project benefits, formation of user group where community toilets proposed. Participatory processes are anticipated to enhance sustainability. Consultations will be documented and reported in the periodic monitoring reports. The consultation and participation plan is enclosed as Appendix 4.

79. The progress of GAP implementation will be closely reviewed and monitored at each ADB review mission and incorporated in the quarterly progress reports as well as evaluation reports and sent to ADB. Sex disaggregated database will be developed and data bi-annually updated during implementation. The evaluation of GAP implementation will be carried out as part of benefit monitoring, including at project completion. Core labor standards, including equal wage for women and men for work of equal value, will be closely monitored. The outline of GAP implementation quarterly progress update format for project 2 is in the Appendix 5.

C. Evaluation

80. The BUIDCo PMU will conduct regular review meetings, preferably twice a month with all the contractors, consultants, and PMU staff, under Project 2 to evaluate implementation progress and explore mitigation measures to address any bottlenecks and issues. A monthly report is prepared and circulated to all that identifies the corrective measures taken on the previous month's issues. The PPMS also aims to detect any deficiency and discrepancy between the plan and the execution of the project in order to ensure that timely corrections can be made to adjust the design and implementation issues. ADB conducts an annual review meeting to evaluate the project progress.

81. In addition, a midterm review of Project 2 will be undertaken during the implementation period. The midterm review will evaluate in detail the scope of the loans, implementation arrangements, any outstanding issues, environment and resettlement as well as other safeguard issues, achievement of scheduled targets, contract management progress, and other issues, as appropriate and generate agreement on any changes that may be needed. Within 6 months of physical completion of Project 2, UDHD, with inputs from the BUIDCo PMU, will submit a project completion report to ADB.²³

²³ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>

D. Reporting

82. The BUIDCo PMU will provide ADB the following reports, all of which are subject to web disclosure in compliance with ADB's *Public Communications Policy* (2011):

- (i) Quarterly progress reports (QPRs) in a format consistent with ADB's project performance reporting system within 30 days of the end of each quarter;²⁴
- (ii) Semi-annual safeguards monitoring reports;
- (iii) Consolidated annual reports including: (a) progress achieved by output as measured through the DMF indicator's performance targets; (b) key implementation issues and solutions; (c) updated procurement plan; and (d) updated implementation plan for next 12 months;
- (iv) A project completion report²⁵ within 6 months of physical completion of the project; and
- (v) Audited consolidated project financial statements and associated auditor's report within six months of the end of each fiscal year.

E. Stakeholder Communication Strategy

83. The consultation and participation plan²⁶ for Project 2 (Appendix 4) has been prepared. Information flows will focus on: (i) sharing project information (scope and progress) with decision makers, responsible agencies, consultants and contractors; (ii) explain the project and resolve concerns raised by affected persons; and (iii) involve beneficiaries in field-level monitoring activities. They provide information on: (i) who is responsible to ensure the actions and strategy are implemented; and (ii) what resources are required to implement the plan and strategy.

X. ANTICORRUPTION POLICY

84. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.²⁷ 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/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.

85. To support these efforts, relevant provisions are included in the loan agreement and the bidding documents for the Project. In particular, all contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the States and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the projects under the Facility. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contract under the project.²⁸ These mitigation measures are identified in a governance risk assessment conducted as part of the project preparation per the Second

²⁴ An outline is provided in Appendix 6.

²⁵ Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>.

²⁶ *Staff Guide to Consultation and Participation*: <http://www.adb.org/participation/toolkit-staff-guide.asp> and, *CSO Sourcebook: A Staff Guide to Cooperation with Civil Society Organizations*: <http://www.adb.org/Documents/Books/CSO-Staff-Guide/default.asp>.

²⁷ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

²⁸ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

Governance and Anticorruption Action Plan.²⁹

86. ADB's Anticorruption Policy designates the Office of Anticorruption and Integrity (OAI) as the point of contact to report allegations of fraud or corruption among ADB-financed projects or its staff. The OAI is responsible for all matters related to allegations of fraud and corruption. For a more detailed explanation refer to the Anticorruption Policy and Procedures. Anyone coming across evidence of corruption associated with the project may contact the Anticorruption Unit by telephone, facsimile, mail, or email at the following numbers/addresses:

by email at integrity@adb.org or anticorruption@adb.org

by phone at +63 2 632 5004

by fax to +6326362152

by mail at the following address (Please mark correspondence Strictly Confidential):

Office of Anticorruption and Integrity
Asian Development Bank
6 ADB Avenue Mandaluyong City
1551 Metro Manila, Philippines

XI. ACCOUNTABILITY MECHANISM

87. 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 a good faith effort 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.³⁰

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MEMORANDUM

88. All revisions/ updates during course of implementation should retain in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.

²⁹ Governance and Anticorruption Action Plan II Guidelines. <http://www.adb.org/Documents/Guidelines/GACAP-II-Guidelines.pdf>. See also Sourcebook: Diagnostics to Assist Preparation of Governance Risk Assessments. <http://www.adb.org/documents/books/Diagnostics-to-Assist-Preparation-of-GRAs/default.asp>.

³⁰ Accountability Mechanism. <http://www.adb.org/Accountability-Mechanism/default.asp>.

APPENDIX 1: INDICATIVE TERMS OF REFERENCE FOR PROPOSED INSTITUTIONAL DEVELOPMENT AND CAPACITY BUILDING CONSULTANTS

1. **Objective.** The consultants will support the improvement of the Urban Governance, Municipal Finance and Service Delivery Improvements Action Plan. ULBs shall be equipped and empowered by building capacities in the areas of human resource development, infrastructure improvement, and procedures and systems to effectively deliver basic services to the citizens of the project areas. Support will be required for:

- (i) Improving urban governance and accelerating resource mobilization;
- (ii) Implementing utility reforms for sustainable and accountable WSS service delivery, including:
 - a) reforms required to improve the performance of the utilities; and
 - b) reforms required to introduce fair and accountable regulation;
- (iii) Implementing municipal finance reforms as agreed; and
- (iv) Providing training to GMC/BMC employees and elected representatives on all aspects of institutional development and capacity building.

A. Urban Governance and ULBs Capacity Building

A.1. Migration to a Double Entry, Accrual Based Accounting System

2. The accounting reform for urban service delivery improvement (the Reform) consists of three parts:

- (i) introduction of a computerized accrual based-double entry system of accounting and computerization of revenue and expenditure recording;
- (ii) management accounting for achieving efficiency in revenue collection and budgeting using financial and management information system; and
- (iii) Computerization of citizen's access to public services.

3. *Formation of a core team within the ULB for carrying out reforms:* The core team will lead the reform process within the ULB. It will help establish guidelines for the ULB in the identification of the assets, coordinating between different departments for transfer, costing and coding of assets, and accomplishing forms and reports for proper accountability and responsibility over the assets. Pass resolution by the ULB regarding shifting from Single Entry to Double Entry Accrual based system of accounting.

4. *Completion of general and subsidiary ledgers for assets and liabilities of the ULB as of March 31, 2018:* Separate ledgers should be maintained for the various assets and liabilities. Inventory of assets shall be done prior to valuation and costing.

5. *Physical verification and valuation/costing of assets and liabilities as of March 31, 2018:* Upon completion of inventory of assets and liabilities, the ULB shall proceed to the physical verification and costing. Opening Balance Sheet (OBS) ledgers shall be set up accordingly.: For compilation of entries required for preparation of OBS, the ULB is required to follow the formats and guidelines in preparing the OBS as prescribed in the accounting manual.

6. *Adoption of OBS as on April 1, 2018:* Adoption of Opening balance sheet has to be in line with the guidelines on Municipal Financial Management System. It will involve development and installation of municipal accounting system software. The main objective of the computerized financial management system is to streamline financial recording and reporting for the various municipal functions. The design of an appropriate software will assist the ULB in the preparation

of DCB statement for user charges, which will enable: (i) the analyses of the revenue sources (e.g. taxes and other dues); (ii) the collection of fees; (iii) determination of state arrears; and (iv) generation of billing statements. The municipal financial management system software is expected to automate the generation of credit, debit, vouchers and budget balances, and provide financial reports on fiscal resources and delivery. Further, it is expected that the system software will streamline the receipts and payments for the municipal service delivery, along with the preparation of outcome budgets.

7. *Re-engineering of municipal management processes to align with accrual based accounting system:* The objective is to re-engineer various municipal functions to align with the municipal financial management process. These functions include: property tax management system, procurement system, asset management system, inventory management system, and payroll management, among others. The re-engineering of the functions will be integrated with the existing municipal management information system (Municipal E-Governance system). Streamlining municipal financial management system with the municipal management information system will help facilitate the implementation of double entry system.

8. *Notification of cut-off date for migrating to the double-entry accounting system:* A government notification will be issued prior to the migration from the single entry system to double entry system of accounting.

9. *Full migration to double-entry accounting system:* The system should be installed and tested before full migration to the new system scheduled for the financial year (2017-18).

10. *Output financial statements (income-expenditure accounts and balance sheet) as per the new system as on March 31, 2018:* The financial disclosure has to be in line with the accounting manual.

11. Support to GMC/ BMC for appointing internal and external auditors.

A.2. Training and capacity building Objectives

12. The objectives of Comprehensive Capacity Building and institutional Strengthening Program are to create an enabling environment for capacity building of ULBs through a mix of policy and implementation support in the areas of organizational and human resource development, strategic planning, technology improvements, and resource mobilization. This will ensure equity, inclusiveness, and responsiveness of ULB officials and elected representatives. The specific objectives are to build the capacity and impart training on the following aspect/ field help ULBs/States to:

- (i) Effectively function as institutions of local governance as per 74th CAA;
- (ii) Develop capacities in the areas of procurement, project development, project management, operation and maintenance, financial management, budgeting and accounting;
- (iii) Improve resource mobilization and municipal finance;
- (iv) Achieve the benchmarks of reforms on urban management and renewal;
- (v) Promote urban planning and sustainable urban habitats in the towns;
- (vi) Provide support for the creation of municipal cadre in States;
- (vii) Create an enabling environment for stakeholder consultations and participation in service delivery;
- (viii) Promote the use of Information Communication Technology (ICT) and robust information systems through e-governance;

- (ix) Support States to strengthen the training and capacity building institutions, particularly State Training Institutes to meet the human resource development needs of ULBs;
- (x) Strengthen the capacities of ULBs to mainstream gender in all activities and promote gender budgeting;
- (xi) Provide training on E-Governance;
- (xii) Develop computer training programs for officers/staff of ULBs;
- (xiii) Provide training on GIS, municipal management; and
- (xiv) Explore long-term municipal finance options for urban Infrastructure in towns.

13. *Training for elected representatives:* This consists of training Urban Governance/management to the elected representatives of ULBs in the following areas:

- (i) General administration and functions of ULBs;
- (ii) Roles and functions of elected representatives of ULBs;
- (iii) Finance and accounts of ULBs;
- (iv) Resource mobilization and management by ULBs;
- (v) Managing developmental schemes in ULBs; and
- (vi) Municipal services, infrastructure development, and public grievance/citizen interface.

14. The support under this activity is to enhance the capacities of ULBs to:

- (i) Identify priority infrastructure investment projects through a preparation of feasibility studies, and related business and financial plans;
- (ii) Implement an asset management and valuation system;
- (iii) Implement the financial and accounting reforms for towns for improved internal controls;
- (iv) Increase the revenue streams through cost containment, restructuring fees and licenses under property tax, expanding resource base for the collection of additional municipal revenue (e.g. land tax, issuance of municipal bonds and marketable instruments);
- (v) Strengthen integrated financial management linkages such as improved service delivery costing, tariff-setting, budgeting and inter-governmental transfers;
- (vi) Strengthen capatowns of ULBs on project development; and
- (vii) Improve the city level Management Information Systems (MIS) for improved revenue management.

15. Strategy of capacity building and training:

- (i) Exposure to best practices on innovative technologies etc. initiatives undertaken by international agencies, national and state level entities to be brought on a common platform to expand training opportunities; hands-on learning and exposure visits integrated into programs and activities;
- (ii) Training Needs Assessment (TNA) for each urban service sector;
- (iii) Assessment of current levels and method of service delivery of urban sector through seminars, workshops and study visits;
- (iv) Preparation of capacity needs assessment and capacity development plan for towns;
- (v) ULBs institutional assessment and institutional development action plans;
- (vi) Research studies (small), case studies, development of training modules, documentation of best practices, and evaluation studies;
- (vii) Advice on innovative financing and financing strategies, as appropriate;

- (viii) Knowledge Centre Workshops, involving officers from the Government of Bihar and other officers nominated from the ULBs (e.g. knowledge dissemination on best practices in service delivery, service level benchmarking, and sustainability of ULB operations);
- (ix) Exposure visits (national) to enable ULBs and parastatal personnel and elected representatives to observe and analyze multisectoral urban management issues; and
- (x) Impact assessment of projects and reforms undertaken by ULBs on project/ reform implementation based on their mandate.

B. Sustainable and Accountable Water Supply Service Delivery

16. The objective of consultancy is to assist the government and its departments and subsequently the ULBs in achieving sustainable and accountable water and sewerage service delivery. At the onset, the consultants will prepare detailed action plans to reform the urban water supply and sanitation (WSS) delivery. Specifically, the tasks will include the following:

B.1. Establishing the Service Regulator

17. Assist the Government of Bihar in segregating service delivery from regulation through:
- (i) creation of a regulatory framework and a regulatory body (initially in an interim mode to initiate the development of regulations/licenses/rules; preparation of operating procedures), and related training;
 - (ii) defining planning regulations, systems and procedures, and institutional mechanism (Regulatory Cell, Body or Commission), financing of operations, and appointment procedures (Central and State agencies, and water utility industry);
 - (iii) developing a framework for tariff regulation;
 - (iv) developing a legal framework for contracts for constituents of the water sector, including consumer protection, ensuring the timely payment, etc.;
 - (v) advise how to meet the socioeconomic obligations of Government of Bihar (e.g. subsidies during transition, targeting mechanisms), including preparation of a program for labor review); and
 - (vi) initiating the creation of the regulatory body (service conditions, structure, internal management processes, staffing etc.); and supporting the initial operations and providing staff training.

B. 2. Water Utility Reforms

18. **Benchmarking:** Benchmarking (both as an output and as a process) will be developed to support learning GMC/BMC (for distribution). This will focus on specific operating practices, comparing measures and results, and identifying improved processes for each agency. Key components will include:

- (i) data gathering through conduct of detailed survey of mechanisms and processes;
- (ii) identification of best performance, best practices, and any reasons for deviation; and
- (iii) site visits, where best practice is relevant. Benchmarking will help improve sector efficiencies and adequately develop responses to demand. The consultants will conduct one or two opening workshops to:
 - a) introduce benchmarking concepts and objectives to GMC/BMC senior staff; and

- b) develop and agree on key indicators (e.g., technical, managerial, financial, customer orientation); based on selected indicators, identify and list parameters to be measured, and initiate data collection (historical and current) with support from GMC/BMC; review historical and current data, in a participatory manner; analyze the data and develop a diagnosis to take the form of a standalone report.
19. This study is expected to be comprehensive and include areas such as:
- (i) general information;
 - (ii) piped supply coverage, hour of supply, per capita supply, NRW and cost recovery;
 - (iii) infrastructure description;
 - (iv) consumption and production;
 - (v) system performance and system reliability;
 - (vi) staff and human resources;
 - (vii) customers and commercial aspects;
 - (viii) operating efficiency and financial performance; and
 - (ix) physical assets and capital investment.
20. In addition, the consultants will (i) develop and, as necessary, restructure the data collection process and baseline reporting; and (ii) determine formal and informal reporting communication requirements with future regulatory agencies.
21. **Utility Governance and Management Improvement.** Assess the governance and management structures of utilities and prepare an assessment report, including containing a time-bound action plan. Assistance will be required for the implementation of proposed measures to achieve:
- (i) Inclusive and participatory utility governance with greater ULB and non-government representation in the Board;
 - (ii) Professional management of utilities, to changing relationships of utilities with the state government where the government's role is shifted from day to day management to monitoring and regulatory function based on annual or medium-term targets. If corporatization be possible, prepare company structures and legal mandate as required;
 - (iii) Ring-fencing of urban WSS: Undertake institutional survey, and assess the feasibility of creating an urban wing to handle Gaya/Bhagalpur water supply responsibilities as two profit centers with separate organizational and financial support. Present the results of the study to key decision makers for approval;
 - (iv) Develop and implement a clear time-bound action plan to separate operation and maintenance functions from planning and construction of WSS;
 - (v) Using baseline data, the consultants will strengthen institutions through the following:
 - (a) Establish realistic targets for overall improvement;
 - (b) Develop strategies and programs, with a time-bound action plan and accompanying budget for a period of over 5 years;
 - (c) Review the institutional structure of the water utility sector and develop recommendations for strengthened human resources;
 - (d) Prepare Gaya/ Bhagalpur Water department strategic plans and budgets; and
 - (e) Develop and install appropriate management reporting plan, outlining frequency of data collection using standardized formats.

- (vi) The detailed plan of action and proposals should consider functional, managerial, operational, financial, and human resource enhancement. As part of the foregoing, the consultant will undertake an assessment of the establishment costs and other expenditures of Gaya/Bhagalpur Water Supply Department. Assess the scope for ICT as well as technological and managerial innovations. Recommend incentive programs, etc. keeping in mind the need for increased commercialization and accountability in the new environment;
- (vii) Asset Management. In parallel, the consultants will help the utility complete:
 - (a) an asset register and its valuation; and
 - (b) prepare asset management manual, which will include:
 - a framework;
 - a property information system;
 - clear (quantitative) methodology for assessing the condition of physical assets;
 - methodology for suitability and sufficiency assessments; and
 - methodology for formulating an asset management plan.
- (viii) Through financial re-engineering, the consultants will assist in account validation, financial planning, financial restructuring, cost recovery, cross subsidies, and other mechanisms. These will include among others:
 - (a) a review of financial statements and conduct of related financial analyses, assess the quality and integrity of financial data;
 - (b) develop an asset register and costing/valuation of assets; and
 - (c) develop and assist in implementation of medium term strategic plans to reduce dependence on government budgetary allocations.
- (ix) Compliance. As part of the activities pertaining with regulatory compliance, the consultant will be responsible for the preparation of:
 - (a) service standards;
 - (b) business or strategic plan;
 - (c) tariff methodology and proposed first tariff submission; and
 - (d) customer code for the new agency.

B.3. Tariff and Rationalization of User Charges

22. The consultant will assist in developing a detailed financial improvement action plan in Gaya/Bhagalpur utilities (water and solid waste management) including revenue improvement from various sources with clear target dates to meet gradual recovery of O&M costs based on the timeframes set in the FFA. The consultant will assist in the following:

- (i) Introduce and restructure user charges for water, and solid waste management; and
- (ii) Improving financial management and accounting. The tasks will include but not be limited to:
 - (a) **Water Supply.** Assist in proposing tariff revisions based on volumetric consumption charges, which involves cross-subsidization for the poor. Assist in developing a sewerage charge as a percentage of the water bill for future application. While developing tariffs, the consultant will consider (i) costs of supplying water; (ii) existing mechanisms and extent of cross subsidization; (iii) beneficiaries of subsidies; (iv) conditions on the costs of water production and distribution; (v) willingness and ability to pay by consumers (f) administrative practicality; and (vi) relevant technological and IT development;

- (b) Propose a tariff regime, structure, and rates (aiming at economic cost of supply, water demand management while ensuring a reasonable return to utilities) and assess the impact of the proposed tariff changes on various groups of consumers and the State's budget. Assist in getting approval of the relevant authorities for tariff revisions and their implementation including provision of legal basis for the new tariffs;
- (c) Solid Waste Management Charges: Consultant will assist reviewing the solid waste collection charge. The charges should consider the cost of providing services, willingness and affordability to pay, and the targets set for meeting the cost of solid waste management services; and
- (d) Financial Management Improvements: Assist GMC/BMC migrating to and operating the double entry accrual accounting system as per the targets set in the reform action complementing project management experts.

23. Resources will also be provided for the preparation of abridge accounting manuals (GMC and BMC), trainings, GIS and property mapping surveys as well as surveys relating to utility management and asset management (registers, condition assessments etc).

C. Consultancy Service Requirements

24. This assignment is of approximately 30 months, covering a complete two Indian financial year and will be the focus of this assignment. It is envisaged that the consultants will have:

- (i) extensive experiences in municipal accounting reforms in India;
- (ii) municipal accounting and financial management expertise in India;
- (iii) extensive field knowledge of municipal accounting systems, polices and administrative guidelines in India;
- (iv) in-depth knowledge, experience and technical capacity for development of computer software required for conversion of existing municipal accounts to accrual-based double entry accounts in India; and
- (v) management expertise to provide smooth transition through improved management systems and capacity building.

25. The team will comprise of 390 person months national consultants. Detailed breakdown of the type of consultants, and individual inputs is given in the following table. The overall responsibility will be with the team leader.

Indicative schedule of inputs is as follows:

SN	Post	Qualifications & Experience:	Indicative man month	
			Gaya	Bhagalpur
1.	Team Leader	Urban Planner/ Management Expert, with strong background in water supply utility management with 10 yrs. in a managerial position Experience in working with large scale urban development projects /programmes Experience in urban reform and capacity building programmes for ULBs	30	
2	Municipal Finance Specialist	CA/MBA (Finance) with 5 yrs. experience Skills to evaluate urban infrastructure investments, and helping city governments to use a range of options for financing projects. Experience in advising and training staff in municipal finance, project finance and resource mobilization, public private partnerships etc.	30	

SN	Post	Qualifications & Experience:	Indicative man month	
			Gaya	Bhagalpur
3.	Urban water supply Infrastructure Specialist	Graduate degree in engineering from recognized university. Have a broad range of experience in urban infrastructure and a strong background in public health engineering, especially water supply and sanitation. Have at least 5 yrs. experience in designing and managing municipal infrastructure projects, preferably externally funded projects; and be very familiar with the laws and procedures of the Indian municipal environment.	30	
4.	Capacity building/Institutional Strengthening Specialist (2)	Post Graduate degree (Urban Development or Social Development) from recognized university with minimum 7 years of experience in training and capacity building	30	30
5	Social and Gender Expert	Post Graduate in Social Work/ Social Science/ Social Development from recognized university with minimum 7 years' experience in national/ international social development projects. At least 3 years' experience in Gender Equality and Women's Empowerment will be must. Experience of working in Bihar will be added advantage	30	30
6	Urban Planner	Graduate Degree in Urban Planning/ Regional Planning/ Geography/ Civil Engineering/ Architecture Engineering. 3 years of experience in Urban Planning with experience of urban infrastructure projects/ affordable housing in slum development projects. Experiences of urban reform oriented project are desirable.	30	
7	MIS Specialist (2)	B. Tech. in Computer Science/ IT /MCA 3 years of work experience PC qualification is preferable. Experience in software development and database management. Fluency in local language essential.	30	30
8	Municipal Account Specialist (2)	CA with 5 years of experience	30	30
9	Legal Advisor	LLB with 5 years of experience	30	
Support staff				
1.	Accountant (4)	B Com with 3 years experience	60	60
2.	Information Technology (2)	BCA with 3 years experience	30	30
3	Junior Engineer (4)	Diploma in engineer with 3 years experience	60	60
4	Training Assistant (2)	Graduate with 3 years experience in training	30	30

26. General scope of works and task of each expert: Indicative scope of work and task of each expert is as under:

Scope of Work and Tasks of Each Expert

Position		General Scope of Work and Tasks of Each expert
1	Team Leader	<ul style="list-style-type: none"> i. Coordinate and support the implementation of reforms, service delivery improvement; ii. The team leader may support the State UD department to: overall coordination, project management, and technical support for UD department and state level steering committee; iii. Provide technical and handholding support to towns in the preparation of integrated city plans, undertaking city planning survey etc;

	Position	General Scope of Work and Tasks of Each expert
		<ul style="list-style-type: none"> iv. Capacity building activities, prepare capacity building plan and business cum financial plan; v. Assist in increasing sources of municipal finance of ULB and assist in Identifying avenues for leveraging funds for infrastructure; and vi. Modules for water supply regulator.
2	Municipal Finance Specialist	<ul style="list-style-type: none"> i. Prepare financial operating plans for the city; ii. In partnership with national level financial institutions for providing training and capacity building on finance and related matter to elected representatives and officials of ULBs focusing on resource mobilization; iii. Prepare specialized training ma trials/modules, process manuals, procedures, toolkits, guidelines and other related activities for undertaking capacity building programmes on financial management; iv. Explore alternate long-term municipal finance options available for financing urban infrastructure; v. Conduct an affordability analysis and gather information to prepare a sample financial model for the project ULBs; vi. Support in the implementation of accounting and user charges reforms; vii. Ring fencing of utilities and services; and viii. Modules for water supply regulator.
3	Urban water supply Infrastructure Specialist	<ul style="list-style-type: none"> i. Asses the status of water supply infrastructure in the city on a regular basis and provide independent feedback to the municipal commissioner; ii. Prepare specialized training ma trials/ modules, process manuals, procedures, toolkits, guidelines and other related activities for undertaking capacity building programmes of water supply infrastructure; iii. Benchmarking of water supply indicators; iv. Prepare modules for water supply regulator; v. Asset status and performance review; vi. Water audit and estimation of non-revenue water; vii. Service improvement plan; and viii. Suggest measures for improvement of operation and management of water supply operation.
4	Capacity building/ Institutional Strengthening Specialist (2)	<ul style="list-style-type: none"> i. Advise ULB on matters relating to capacity building activities and their effective implementation; ii. Lead capacity need assessment at ULB and support ULB to prepare capacity building plan; iii. Design, develop and capacity building activities for the city; iv. Implement and monitor the capacity building programmes; v. Coordinate with the training institutions to implement training programmes; vi. Organization of consultative workshops, seminar etc.; and vii. Conduct field visits.
5	Social and Gender Expert	<ul style="list-style-type: none"> i. Responsible for implementation of community program in field; ii. Public consultation and effective participation of women councilor's local bodies; iii. Awareness and health and welfare schemes targeting BPL/ FHH with specific focus on women/ children; iv. Utilize strategies to create a women-friendly work environment and increase the proportion of women in ULB and contractor offices; v. Conduct training programs, seminars workshops and community awareness and participation program; and vi. Needs analysis for specific communities and towns.

	Position	General Scope of Work and Tasks of Each expert
6	Urban Planner	<ul style="list-style-type: none"> i. Site survey and review of current status and potential; ii. Formulation of development vision and conceptual plan; iii. Setting of development strategies; iv. Land and building bye laws; v. Land as a source of revenue; vi. Water supply system; vii. To provide advice to the municipal corporation in relation to the extent to which the council's strategic planning and development policies accord with the planning strategy; viii. The implementation of affordable housing policies; ix. Reviewing existing urban/ planning regulations and suggest new regulations; and x. Development of Training Needs Assessments related to developmental planning and preparation of training modules and give training on the related field.
7	MIS Specialist (2)	<ul style="list-style-type: none"> xi. IT-related support for the above components of e-governance reforms Coordination of data entry and file uploads into systems used by the ULB on a regular basis; xii. Coordinate management of electronic data pertaining to the ULB, including soft copies of letters, reports and numerical data; xiii. Assist ULB officials in operating IT systems on a daily basis; provide handholding support when required; xiv. Quarterly progress reports related to status of e-governance; xv. Develop and strengthening monitoring and evaluation system for projects, reforms and capacity building activities; xvi. Information technology installation and maintenance; and xvii. Applications based on client server technology.
8	Municipal Account Specialist (2)	<ul style="list-style-type: none"> i. Accounting reform; ii. Introduction of a computerized accrual based-double entry system of accounting and computerization revenue recording; iii. Completion of registers of assets and liabilities of the ULB; iv. Physical verification and valuation of assets and liabilities; v. Adoption of Opening balance sheet; vi. Output financial statements (income-expenditure accounts and balance sheet); vii. Support to GMC/ BMC for appointing internal and external auditors; viii. Ring Fencing of Utilities and Services; and ix. city-level sensitization workshop for elected representatives on municipal accounting and budgeting reforms.
9	Legal Advisor	<ul style="list-style-type: none"> i. Review of urban policies; ii. Preparation of comparative chart of existing urban policies; iii. Recommended policies, and policies practiced in other ULBs; iv. Review of changes required in the legislation; and v. Drafting order for of official policies/ legislation
	Support staff	
1	Accountant (4)	<ul style="list-style-type: none"> i. Assist to municipal account expert in accounting reform and ring fencing.
2	Information Technology (2)	<ul style="list-style-type: none"> i. Assist the MIS specialist of the assigned work component.
3	Junior Engineer (4)	<ul style="list-style-type: none"> i. Assist in the asset condition/ all type of surveys; ii. Assist the urban infrastructure expert of the assigned work component; and iii. Bench marking
4	Training Assistant (2)	<ul style="list-style-type: none"> i. Assist the capacity building/ institutional strengthening specialist of the assigned work component/ training.

D. Schedule of Reporting and Submissions

27. The consultant is required to submit, the following reports to the PMU/ PIU ULB in English. All reports should be submitted as required below and in an electronic and hard copy format:

- (i) Inception report in 5 copies plus a soft copy, one month after the issue of letter of Commencement of work. This report should include the related works and detailed work program, which the consultant proposes to implement supported by mobilization plan of expert;

- (ii) Preliminary urban and utility governance, training need assessment report in five copies plus as of copy three months after the commencement of services;
- (iii) Progress reports in five copies plus a soft copy at monthly and quarterly intervals;
- (iv) Summarizing, progress achieved, difficulties encountered and issue to be resolved;
- (v) Final urban and utility governance reports (in multiple volumes), inclusive of aspects relating to this TOR (financial, introduction of a regulatory body, capacity building etc.), all associated manuals and software, legal frameworks/ documentation, etc.; and
- (vi) Report on completion in 5 copies plus a soft copy.

E. Offices and Equipment

28. The consultant shall be responsible for providing office space for the institutional development team. He/ she will be solely responsible for the provision of all office equipment, supplies and communications and transport. However, the consultant will be responsible for operating and maintaining a project office, including all office equipment, supplies and communications and transport. After completion of project the items purchased under project shall be handed over to the urban local body.

APPENDIX 2: UPDATED SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	India	Project Title:	Bihar Urban Development Investment Program–Project 2
Lending/Financing Modality:	Multi-tranche Financing Facility (MFF)	Department/Division:	South Asia Department/ Urban Development and Water Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY
Poverty targeting: (targeted intervention—MDGs/SDGs)
<p>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy Reduction of poverty incidence and deprivation in India is a priority of the Government of India. The NITI Aayog has mandated each state to constitute a task force on poverty alleviation, signifying the government's policy emphasis. The ADB's country partnership strategy is closely aligned with government's policy priorities and SDG 6. The state economy of Bihar has grown annually at 10.05% during the period 2005-06 to 2014-15, the highest among major Indian states. Despite the high growth, Bihar ranks among the lowest in terms of per capita income. The Government of Bihar (GoB) seeks to reduce the wide disparity in per capita income between Bihar (₹15,650) and the all-India average (₹39,904) in 2014-15. The Bihar Urban Development Investment Program links to both the government and ADB's poverty reduction strategies as it aims to include underserved populations and poor and vulnerable, including women, the program is funded by ADB under its multitranche financing facility (MFF). Urban water supply rehabilitation, improvement and expansion for Bhagalpur and Gaya are proposed under Project 2 of the MFF. ADB's loan will promote sustainable urban development and greater efficiency in service delivery to towns in Bihar. This is aligned with the Government of India's Three Year Action Agenda, ADB's Country Partnership Strategy, ADB's Water Operational Framework 2011-20 as well as ADB's Urban Operational Framework 2012-2020. Water supply improvements will also directly contribute to achieving the Sustainable Development Goals (SDGs) 6.</p>
<p>B. Results from the Poverty and Social Analysis during PPTA or Due Diligence</p> <p>1. Key poverty and social issues. Urban poverty in Bihar is 31.2%, compared to 13.7% at all-India level (estimates of Tendulkar Committee, adopted in Economic Survey, India, 2014-15). (2) It is commonly understood that income poverty data alone does not accurately reflect all dimensions of poverty in Bihar; the deeply entrenched caste system and skewed land ownership are factors that contribute to inequality and poverty. Inadequate infrastructure and stagnant manufacturing have affected economic growth. Lack of access to reliable and quality services, time spent on water collection, and water and vector-borne disease burden, are some of the key issues that affect the poor. Tranche 2 subprojects are designed to contribute to the outcome of MDG7 and related SDGs.</p> <p>2. Beneficiaries. The project will seek to provide 85% coverage of water supply facilities in Bhagalpur and Gaya, including low income areas. Targeted populations will include the poor, and disadvantaged groups such as <i>mahadalits</i>. Poor, vulnerable, and below poverty line households will benefit from subsidized water supply connections as well as employment opportunities for construction work and for O&M of facilities created. Time savings and health benefits as a result of the water supply improvements will lead to opportunity cost savings for the poor (and non-poor), especially women and girl children.</p> <p>3. Impact channels. These include access to improved water supply services for all, including poor and vulnerable in project towns.</p> <p>4. Other social and poverty issues. The project addresses poverty and vulnerability indirectly, through the delivery of improved water supply services. The project will also directly benefit the poor and vulnerable households, through provision of mobile toilets in a slum in Bhagalpur, and project related employment in construction work and O&M of facilities created in both towns. However, it does not address the issue of unemployment and income poverty in totality, which will be addressed by government schemes. The project will target all poor and vulnerable households in project areas in target towns.</p> <p>5. Design features. The project has pro-poor elements in its design and targets inclusion of the poor and vulnerable. Pro-poor design elements include subsidized connection costs and user charges for water supply, and community awareness and participation with the involvement of local communities based organisations (CBO)/women's groups.</p>
II. PARTICIPATION AND EMPOWERING THE POOR
<p>1. Participatory approaches and project activities. Consultation workshops, meetings, focus group discussions, and structured interviews were undertaken with stakeholders during project preparation. The participation strategy for tranche 2 envisages involvement of community based organizations and women's groups in awareness generation on project benefits, tariff structure including lifeline tariffs, targeting the poor and women's participation and inclusion in project benefits, formation of user group where community toilets proposed. Civil society organizations will be part of the Town Committees which will ensure grievance redressal and inclusion of the poor and vulnerable in project benefits. Consultations will be documented and reported in the periodic monitoring reports.</p> <p>2. Participation plan. <input checked="" type="checkbox"/> Yes. <input type="checkbox"/> No. The community awareness and participation strategy focuses on community mobilization and awareness, specifically on (i) water conservation, prevention of water leakage and wastage; (ii) providing assistance to poor and vulnerable households to apply for connection subsidies; and (iii) formation of user group for community </p>

toilets. This will be implemented by the Social Safeguard and Public Relations Experts of project management unit (PIU) and Design and Supervision Consultants (DSC) in the towns, with support of local CBOs/women's groups. The experts will also assess the project impact on knowledge and attitudes, build capacity of CBOs, and identify specific activities to enable local community participations and inclusion in project benefits.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: Effective Gender Mainstreaming

Key issues. Inequalities between men and women in Bihar are most obvious in: (i) health and education; (ii) economic development, violence against women; (iii) participation in public life and policymaking; and (iv) social attitudes and gender stereotyping. Gender differentials adversely affect women more than men. The non-availability of safe drinking water in the poor urban settlements puts the burden of managing water needs and caring for the sick, exclusively on women. PPTA (2011) revealed that women are more vulnerable than others to water borne and vector borne diseases. The high maternal mortality rate (219 per 100,000 live births), high incidence of spousal violence (62.2%), and son preference contribute to a low sex ratio in Bihar—935 females per 1000 males in the 0-6 years age group and overall sex ratio of 942, in 2011. The Census 2011 reveals a huge gender gap in literacy, with female literacy being 20.06% lower than male literacy. Female labor force participation rate in urban Bihar is 10.4%, while it is 45% for men (Census 2011). There is an increased incidence of poor and vulnerable households (0.18 million) in Bihar which are more likely to be economically vulnerable than male-headed households as women household heads tend to be older and less educated than male household heads, and less educated than the average woman.

Gender division of labor and vulnerability to sexual violence. Women and girls are primarily responsible for fetching water, managing sanitation and care-giving, thereby taking away time to engage in income-generation and education. Lack of safe toilet facilities renders poor women and girls vulnerable to harassment and sexual violence when they resort to open defecation.

Low participation in household and community decision-making. The national family health survey reveals that only 32.7% of married women in the state participate in household decision making. Women's access to project related jobs and participation in consultation meetings, is expected to improve their participation in household decision-making.

B. Key actions.

Gender action plan Other actions or measures No action or measure

A gender action plan is prepared to guide and address key gender issues in development and implementation of subprojects. It seeks to deliver as outputs: (i) awareness-raising on importance and benefits to the target population especially women for both project towns linking them to health and sanitation, gender, social and economic empowerment and environmental conservation; (ii) consultation with community members in service areas, especially in the identified poor and slum areas, and with female members of households, heads of FHHs on planning and management of subproject activities; (iii) gender-sensitive O&M manuals by contractors on participation of members from poor and FHHs in O&M of water supply distribution; (iv) priority to poor, unemployed female laborers in construction activities; (v) training needs assessment for ULB staff and baseline survey to identify poor and vulnerable households including FHHs for eligibility for subsidies to ensure universal connections; (vi) orientation, capacity building and gender sensitization to all PMU and PIU staff, ULBs officials and staff in Bhagalpur and Gaya, and contractors highlighting gender and other social inclusion issues and compliance on core labor standards; and (vii) inclusion of gender indicators in project performance monitoring system. The project envisages health benefits and time savings to women as water fetchers. It also envisages long-term institutional capacity to promote inclusive development.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES	
<p>A. Involuntary Resettlement</p> <p>1. Key impacts. Tranche 2 is classified as Category B for involuntary resettlement (IR). No private land acquisition is anticipated. The key involuntary resettlement impacts are (i) physical and economic displacement for nine businesses (with nine owners), who are squatters on government land; (ii) physical displacement for eight squatter households with 44 family members; (iii) permanent, partial (>10%) income loss to four affected persons (APs), who are encroachers and sharecroppers; (iii) loss of 28 major structures (houses/shops), including nine businesses and eight houses requiring relocation as mentioned above, and impacts to 11 temporary structures - ten residential and one commercial, having 11 owners, who are anticipated to face temporary impacts, not involving relocation. All APs are non-titled. Temporary income loss during pipe laying activity to 480 persons is anticipated. The resettlement framework for the program is updated. Two draft Resettlement Plans (RPs) and one draft Due Diligence Report have been prepared and disclosed to affected persons and other stakeholders, and, will be updated and disclosed post detailed measurement surveys.</p> <p>2. Strategy to address the impacts. The APs are entitled to compensation at replacement value. The grievance redress mechanism for the project has been initiated by BUIDCo and safeguards documents will be available in local language at PMU/PIU, municipal and land revenue offices.</p> <p>3. Plan or other Actions.</p>	<p>Safeguard Category: <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</p> <p><input checked="" type="checkbox"/> Resettlement plan <input checked="" type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> No action</p> <p><input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix</p>
<p>B. Indigenous Peoples</p> <p>1. Key impacts. Tranche 2 is classified as Category C for indigenous peoples impacts. All subproject sites in Bhagalpur and Gaya are within urban limits, no IP/scheduled areas are affected. Scheduled Tribe (ST) population comprises 0.27% and 0.12% of Bhagalpur and Gaya population respectively (Census 2011), who follow an urban way of life. There are no ST among permanently affected persons. Census survey of main pipe alignments and transect walk along distribution lines do not reveal the presence of STs among temporarily affected. The indigenous people updated Planning Framework will help address any indigenous peoples' impacts identified in case of change in design.</p> <p>2. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Strategy to address the impacts. No indigenous people plan or mitigation measures envisaged for indigenous people as none found in project-affected area.</p> <p>4. Plan or other actions.</p>	<p>Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p><input type="checkbox"/> Indigenous peoples plan <input checked="" type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input type="checkbox"/> No action</p> <p><input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary</p>
V. ADDRESSING OTHER SOCIAL RISKS	
<p>A. Risks in the Labor Market</p> <p>1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L): <input type="checkbox"/> unemployment (L) <input type="checkbox"/> underemployment (L) <input type="checkbox"/> retrenchment (L) <input type="checkbox"/> core labor standards (H)</p> <p>2. Labor market impact. Contractors' agreements will have clauses on core labor standards and preference in project construction and O&M work for the local community, including affected persons and the vulnerable. No child labor policy will be adhered to.</p>	
<p>B. Affordability</p>	
<p>Connection charge for water supply will be subsidized for poor and vulnerable households, to ensure their inclusion, will be payable in 6 monthly installments, and will be affordable. User charges for water will be affordable for the lowest consumption slab at less than 5% of mean monthly household income.</p>	
<p>C. Communicable Diseases and Other Social Risks</p>	
<p>1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): <input type="checkbox"/> (L) Communicable diseases <input type="checkbox"/> (NA) Human trafficking <input type="checkbox"/> (L) Others (please specify) Child labor</p> <p>2. Risks to people in project area. Contractors and construction workers will be made aware on communicable diseases including HIV/AIDS risks. The PMU/PIUs in collaboration with PMC and DSC shall raise awareness amongst contractors and workers. Employment of child labour by contractors will not be allowed under the contractors' agreements.</p>	

VI. MONITORING AND EVALUATION

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| <ol style="list-style-type: none"> 1. Targets and indicators. See the Design and Monitoring Framework and the Gender and Social Inclusion Action Plan for key targets and indicators. 2. Required human resources. Environmental and Social Management Coordinator (ESMC) at PMU is in place, while Social Safeguard Specialist at PMU and SSO in Bhagalpur and Gaya are yet to be appointed/mobilised. The DSC has 1 Social Safeguards Expert for resettlement implementation. 3. Information in the project administration manual. Refer to PAM 4. Monitoring tools. Baseline and impact monitoring is proposed through the Project Performance Monitoring System. Activities under the gender action plan, consultation and participation plan and resettlement plans will be implemented by the PMU, and PIUs. The PMU/PIUs will be responsible for submitting semi-annual progress monitoring reports on the GAP, RPs and CAPP. The PMU/PIUs (assisted by DSC) will be responsible for preparing compliance and safeguards quarterly monitoring reports. A mid-term review will be undertaken 18 months after loan approval. An evaluation will be undertaken one year after project closure, lessons learned documented and findings disseminated. |
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ADB = Asian Development Bank, DSC = Design and Supervision Consultants, EGM = Effective Gender Mainstreaming, GAP = gender action plan, IPP = indigenous people plan, O&M = operations & maintenance, PIU = project implementation unit, PMU = project management unit, ST=scheduled tribes, ULBs = urban local bodies.

Sources: Government of Bihar. Finance Department, 2015. *Economic Survey 2015-16*; Government of India. Planning Commission, July 2013. *Press Note on Poverty Estimates 2011-12*.

OUTLINE OF SOCIAL SAFEGUARDS MONITORING REPORT DURING PROJECT IMPLEMENTATION PERIOD

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 (IR and IP) and with the current status of project implementation phase.

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

A. Executive Summary

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

B. Background of the Report and Project Description

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

- (i) 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;
- (ii) 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; and
- (iii) Summary table of identified impacts and the mitigation actions.

C. Scope of Impacts

This section outlines the detail of:

- (i) Scale and scopes of the project's safeguards impacts;
- (ii) Vulnerability status of the affected people/communities; and
- (iii) Entitlements matrix and other rehabilitation measures, as applicable, as described in the approved final RP(s) /IPP(s).

D. Compensation and Rehabilitation¹

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:

- (i) Payment of the affected assets compensation, allowances, loss of incomes, etc. to the entitled persons; and
- (ii) Provisions of other types of entitlement as described in the matrix and implementation of livelihood rehabilitation activities as determined in the plan.

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

¹ 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.

APPENDIX 4: CONSULTATION AND PARTICIPATION PLAN FOR PROJECT 2

Consultation and Participation (C&P) Activity	Target Stakeholders	Type of Participation	Objectives of the C&P Activity	Responsible Unit/ Persons	Time Frame	Cost Estimate
Orientation Workshops for government officials, officers, and staff on all three projects under the investment program- Tranche 2 (1 whole day)	75-100 Government officials and staff consisting of representatives from, UDHD, BUIDCo PMU/PIU and field offices, ULBs, DSC, PMC community organizations and Contractor(s).	<ul style="list-style-type: none"> Information sharing; Consultation Shared responsibility; and Shared decision-making 	<ul style="list-style-type: none"> Introduce BUDIP tranche 2, and demonstrate the link between improved water supply with good health, women's empowerment, and environmental conservation; Present safeguards disclosure, issues related to environmental and social risks and their mitigation, monitoring and reporting requirements; Present key GAP activities and issues; Discuss roles of stakeholders; and Gather suggestions and agree on recommendations 	ADB Project Team, PMC	Year 1: 1 Program orientation workshop	\$1,500 X 1= \$1,500
<ul style="list-style-type: none"> BUIDCo PIU/ PMC/DSC/ community organizations monitoring and information sharing meetings (half day); and State Steering Committee Meetings (half day). 	BUIDCo PMU/PIU, members of the State Steering Committee, DSC, PMC, private contractor(s) and community organizations	<ul style="list-style-type: none"> Information sharing; Shared responsibility; Shared decision-making; and Control 	<ul style="list-style-type: none"> Share information on BUDIP tranche 2 and its activities; Review compliance with gender, social safeguards, environment, awareness campaign, gender frameworks and plans; Discuss progress in implementation, including problems encountered and means to mitigate/address them; and Regularly report on the progress of implementation. 	BUIDCo PMU/ PIU, DSC, PMC ADB Project Team	Planning Workshop: Annually BUIDCo PMU/ PIU, DSC, community organizations, government bodies meetings: semi-annually State Steering Committee Meetings: Quarterly	Planning Workshop: \$750 X 4 years = \$3,000 BUIDCo PMU/ PIU /PMC/DSC Monitoring Meetings: \$300 X 2 X 4 years =2,400 SSC Meetings: \$300 X 4 X 4 years = 4,800 Total=\$ 10,200
Orientation workshop for contractors/ labourers	All program-related staff and laborers in contractors' teams	<ul style="list-style-type: none"> Information sharing. 	<ul style="list-style-type: none"> Construction management; Quality assurance; Core labour standards: HIV/AIDS, no child labour policy, equal pay for equal work for men and women etc.; Employment opportunities for local poor men and women; 	BUIDCo PMU/ PIU/ field offices, PMC, DSC, Contractors	Year 1 of BUDIP tranche 2 (contractors/ labourers for 3subprojects):	\$750x3=\$2,250

Consultation and Participation (C&P) Activity	Target Stakeholders	Type of Participation	Objectives of the C&P Activity	Responsible Unit/ Persons	Time Frame	Cost Estimate
			<ul style="list-style-type: none"> Environmental and social safeguards and mitigation measures; Assistance to be provided to APs during construction; and Gender sensitization 			
<p>Orientation workshops in each town in the first year of implementation for community members (end users and APs) (half day)</p>	<ul style="list-style-type: none"> 100 community members, with at least 30% women, including SC and ST participating per program orientation seminar 	<ul style="list-style-type: none"> Information sharing; Consultation; and Shared decision-making 	<ul style="list-style-type: none"> Introduce BUDIP tranche 2, highlighting its importance and benefits to the community; Demonstrate the link between improved water supply and good health, women's empowerment, and environmental conservation; Present safeguards and social frameworks and plans; discuss water tariff and affordability, proposed benefits for poor and vulnerable (subsidies etc.); and Gather views related to present level of service and recommendations 	<p>BUIDCo PMU/PIU/field offices, DSC</p>	<p>Year 1 of Project 2: quarterly meetings (4 nos) in each town : workshops in different zones, covering different wards in each town</p>	<p>\$ 500 x 4 workshops X 2 towns = \$ 4000</p> <p>Total: \$4,000</p>
<p>Consultations with affected persons (APs) on resettlement, entitlement, compensation issues, special protection measures for vulnerable (1-2 hours each)</p>	<ul style="list-style-type: none"> Affected Persons (APs) including women 	<ul style="list-style-type: none"> Information sharing; and Consultation. 	<ul style="list-style-type: none"> Introduce BUDIP tranche 2 and show link between improved water supply and women's empowerment, and environmental conservation. Show possible livelihood/ business opportunities and protection measures for vulnerable. Solicit the views of APs including all women APs on resettlement and compensation; job opportunities, mitigate potential conflict. Ensure information sharing on construction and O&M related jobs and/or livelihood enhancement activities for 	<p>BUIDCo PMU/PIU, DSC, PMC Contractors,</p> <p>DSC</p>	<p>During RP plan updating (2 meetings in each town)</p> <p>Year 2-4 (bi-annual meetings in each town): 4 X 2 X 2</p>	<p>\$ 300 X 2 X 2 = \$ 1,200</p> <p>\$ 300 X 4 X 2 X 2 = \$4,800</p> <p>Total: \$ 6,000</p>

Consultation and Participation (C&P) Activity	Target Stakeholders	Type of Participation	Objectives of the C&P Activity	Responsible Unit/ Persons	Time Frame	Cost Estimate
			<p>displaced persons in both Gaya and Bhagalpur.</p> <ul style="list-style-type: none"> • Discuss potential disruptions and assistance available • Gather recommendations. • Inform about grievance redress mechanism and contacts, discuss issues and grievances of APs, if any. and • Agree on mitigation measures. 			
<p>The 20 meetings with low income communities (end users and APs) from project areas in each town (<i>half day</i>)</p>	<p>Representatives of slums including women and FHH</p>	<ul style="list-style-type: none"> • Information sharing; and • Consultation. 	<ul style="list-style-type: none"> • Introduce the investment program, highlighting its importance and benefits; • Discuss importance of water conservation, prevention of leakage and wastage; • Opportunities for participation in project (employment in construction-related work and O&M of project facilities), health & hygiene awareness; • Assistance to access subsidies (connection subsidies for poorest households and instalment scheme, lifeline tariff); and • Mitigate potential conflict. 	<p>BUIDCO PMU/PIU, DSC, PMC and contractors</p>	<p>Year 1-3 of Project 2</p>	<p>20 Meetings = 20 x \$100 = \$2000x2=\$4000</p>
<p>Ten meetings with 35 households along CWRM alignment WTP to Maya Ganj Link Road, Bhagalpur where mobile toilets are proposed (<i>half day</i>)</p>	<p>Community members including men, women, FHH, children.</p>	<ul style="list-style-type: none"> • Information sharing; • Shared responsibility; and • Consultation. 	<ul style="list-style-type: none"> • Formation of user group for operation and maintenance of mobile toilets as a community managed facility; • Discuss benefits of toilets, how to use the toilets; • Discuss importance of participation in user group, maintenance of facility, opportunities for participation in project (employment in construction-related work and O&M of project facilities), 	<p>BUIDCO PIU, DSC</p>	<p>Year 1 and 2 of Project 2</p>	<p>10 meetings=10 x \$100=\$1000</p>

Consultation and Participation (C&P) Activity	Target Stakeholders	Type of Participation	Objectives of the C&P Activity	Responsible Unit/ Persons	Time Frame	Cost Estimate
			health & hygiene awareness; and <ul style="list-style-type: none"> • User charge fixed by the community. Mechanism of monthly user charge collection for maintenance. Achievement of sustainable outcomes. 			
Ten meetings with fishermen's community in Bhagalpur (<i>half day</i>)	Fishermen and their family members	<ul style="list-style-type: none"> • Information sharing; and • Consultation. 	<ul style="list-style-type: none"> • Introduce BUDIP, highlighting its importance and benefits for all through provision of safe water; • Awareness about the protected area and BUDIP's support for the Vikramshila Gangetic Dolphin Sanctuary management plan; • Role of fishermen in dolphin protection; and • Opportunities for involvement of fishermen or their family members in project implementation and operation and maintenance work. 	BUIDCO PMU, PIU and DSC	Year 1 and 2 of Project 2	10 meetings=10 x \$100=\$ 1000
Participatory meetings for promoting tariff payments (<i>half day</i>)	Beneficiary communities, operators, representatives from GMC and BMC	<ul style="list-style-type: none"> • Information sharing; and • Shared responsibility. 	<ul style="list-style-type: none"> • Discuss project benefits, recommend proposed tariff blocks and purpose of cost recovery; and • Tariff acceptance by community. 	BUDICO PMU/ PIU, contractors	Participatory meetings in both towns: Semiannually for three years	\$300 X 2 X 3= \$1,800 X 2= \$3,600
TOTAL COST OF CONSULTATION AND PARTICIPATION						\$ 33,550

APPENDIX 5: GENDER ACTION PLAN IMPLEMENTATION QUARTERLY PROGRESS UPDATE FORMAT

Activities	Targets and Indicators	Progress to date		Issues and Challenges
		Progress in last three-months (MM/YY to MM/YY) (This should include information on progress in last three-months-- qualitative and quantitative updates (sex-disaggregated data))	Cumulative Progress (This should include information on progress (qualitative and quantitative updates including sex-disaggregated data) from the start of the implementation of the GAP to the previous quarter's progress report.)	(This should include reasons why an activity was not fully implemented, or if targets fall short, or reasons for delay, etc.)
Output 1: Water supply infrastructure constructed and rehabilitated.				
(i) Generate awareness on project benefits and importance to the target population especially for women in both project towns; (ii) Encourage women's equitable access to jobs in all construction-related works supported by orientation for program staff and contractor(s)'s teams to enforce core labor standard (CLSs) including equal pay; ¹ (iii) Provide ten mobile public toilets cum ² bath units in Bhagalpur; (iv) Construct 200 additional stand posts in Gaya; (v) Make customer service centers operational in Gaya; and	Bhagalpur & Gaya (i) Six project orientation workshops (three each town) conducted for 400 local residents in each of the project towns (Target: Total 800 residents, 30% women); Bhagalpur & Gaya (ii) Female laborers employed in all construction-related works (skilled/unskilled); all bidding documents include relevant clauses on CLSs; all contractors maintain labor registers showing name, sex, and wage of workers; and two on site orientations conducted for contractors' teams and PIU staff on (i) key gender concepts and compliance with CLS; Bhagalpur (iii) Five awareness raising cum consultation programs conducted (30% women participants) in all the service wards on O&M of mobile public toilet cum bath units to establish 1 user cum O&M committee [Target: six females mobile public toilet cum bath unit, 1 user cum O&M Committee (Target: 30% women members in the committee); Gaya (iv) Ten public consultation meetings in all service wards organized for 500 community			

<p>(vi) Assess impact of the new water supply services on female beneficiaries' terms of time savings and health benefits accrued by the project.</p>	<p>members to assess and identify sites for stand posts (Target: 30% women); Gaya (v) The 30% of the total staff (skilled/unskilled) at 6 customer service centers are women; and Bhagalpur & Gaya (vi) One assessment (covering both the towns) conducted with 100 women beneficiaries in each town towards the end of the Project to assess the impact (Target: 1 assessment each town, 200 beneficiaries).</p>			
<p>Output 2: Staffing and skills for water supply operations improved.</p>				
<p>(i) Increase O&M staff through DBO contract;</p> <p>(ii) Train ULB staff to carry out gender analysis in the municipal wards in both project towns new water system to be put in place and analyze women's role in NRW reduction and household/community water supply management system; and</p> <p>(iii) Ensure O&M manuals prepared in project towns include sections on gender-specific issues in water supply system such as: (i) impact of water supply on health and quality of lives of women and children; (ii) awareness and education on women's role in O&M of the new systems; and (iii) grievance mechanisms for O&M.</p>	<p>(i) Four training programs on gender analysis each town conducted for ULB staff (Target: existing Bhagalpur 295/14 female, Gaya 105/6 female plus);</p> <p>(ii) All O&M manuals—in local language with gender-specific issues in water supply—prepared for service wards (Target: 100% O&M manuals); and</p> <p>(iii) 40 staff trained to program and operate SCADA system [(including [Target: 40 staff, 14 in Bhagalpur and 6 in Gaya).</p>			
<p>Output 3: Systems for water supply service delivery management improved.</p>				
<p>(i) Conduct Training Need Assessment to identify specific training programs for BMC and GMC staff (both male and female);</p> <p>(ii) Incorporate needs, priorities and concerns of the community people including women in design, operations and management of water distribution system; and</p>	<p>Bhagalpur & Gaya</p> <p>(i) Training Need Assessment (TNA) conducted by IDC and 100% BMC and GMC staff trained (Target: One TNA report each for Bhagalpur and Gaya prepared with (i) key O&M issues of the rehabilitated and expanded assets; (ii) key women's issues and positive impacts of water supply; and (iii) women's role in O&M of the water supply system;</p> <p>(ii) All design, operations and management plans of water distribution system by contractors in both cities incorporate needs,</p>			

<p>Institutional Arrangement for GAP implementation (iii) Ensure effective implementation, monitoring of the GAP and reporting of gender equality results.</p>	<p>priorities and concerns of the community people including women (Target:100% plans); (iii) A total of 75,000 new house service connections with functional meters installed in Gaya (2017 baseline: 28,912); (iv) 200 community members (100 each town) trained through five orientation programs in: (i) fundamentals of plumbing and O&M of water distribution system; and (ii) meter reading (Target: 30% women); (v) The ESMC at BUIDCo continues services of a gender specialist staff with specific TOR to implement, monitor, and report on GAP activities; (vi) Gender indicators included in PPMS and updated biannually with sex-disaggregated data; (vii) PIUs nominated one gender focal point each for supervision and coordination on GAP implementation; (viii) The IDC mobilized under Tranche 2 include one gender expert for 30 person months on intermittent basis for entire project period to provide technical support in implementation of GAP activities; and (ix) The GAP progress reported as appendix with all QPRs to ADB.</p>			
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Comments/Remark:

Prepared by: _____

Approved by: _____

Date: _____

[Suggested Annexes for consultations conducted](#)

