



## Concept Paper

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Project Number: 42267-028  
July 2017

# Proposed Multitranche Financing Facility India: Rajasthan Secondary Towns Development Investment Program

Asian Development Bank

## **CURRENCY EQUIVALENTS**

(as of 16 June 2017)

Currency unit	–	Indian rupee (₹)
₹1.00	=	\$0.015
\$1.00	=	₹64.59

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
DMA	–	district metering area
DPR	–	detailed project report
GOR	–	Government of Rajasthan
LSGD	–	Local Self Government Department
MFF	–	multitranchise financing facility
NRW	–	nonrevenue water
PIU	–	program implementation unit
PMU	–	program management unit
PPTA	–	project preparatory technical assistance
RSTDIP	–	Rajasthan Secondary Towns Development Investment Program
RUIDP	–	Rajasthan Urban Infrastructure Development Project

## **NOTES**

- (i) The fiscal year (FY) of the Government of India and its agencies ends on 31 March. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2017 ends on 31 March 2017.
- (ii) In this report, “\$” refers to US dollars.

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INVESTMENT PROGRAM<sup>a</sup> AT A GLANCE

1. Basic Data		Project Number: 42267-028	
Project Name	Rajasthan Secondary Towns Development Investment Program - Facility Concept	Department /Division	SARD/SAUW
Country	India	Executing Agency	Local Self Government Department (LSGD)
Borrower	Government of India		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Water and other urban infrastructure and services	Urban policy, institutional and capacity development		25.00
	Urban sanitation		200.00
	Urban water supply		275.00
	Total		500.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Medium
Environmentally sustainable growth (ESG)	Eco-efficiency Urban environmental improvement		
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas	Effective gender mainstreaming (EGM)	✓
Partnerships (PAR)	Civil society organizations Implementation Private Sector		
Private sector development (PSD)	Public sector goods and services essential for private sector development		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	Yes	Urban	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG6, SDG11		
6. Risk Categorization:	Complex		
7. Safeguards Categorization [Tranche 1]	Environment: B Involuntary Resettlement: B Indigenous Peoples: C		
8. Financing			
Modality and Sources	Indicative Tranches (\$million)		Amount (\$million)
	I	II	
ADB			500.00
Sovereign MFF-Tranche (Regular Loan): Ordinary capital resources	250.00	250.00	500.00
Cofinancing			0.00
None	0.00	0.00	0.00
Counterpart			215.00
Government	107.50	107.50	215.00
Total	357.50	357.50	715.00
9. Country Operations Business Plan			
CPS	<a href="https://www.adb.org/documents/india-country-partnership-strategy-2013-2017">https://www.adb.org/documents/india-country-partnership-strategy-2013-2017</a>		
COBP	<a href="https://www.adb.org/documents/india-country-operations-business-plan-2017-2019">https://www.adb.org/documents/india-country-operations-business-plan-2017-2019</a>		
10. Investment Program Summary			
The proposed multitranche financing facility (MFF) for the Rajasthan Secondary Towns Development Investment Program (RSTDIP) will complement past and ongoing efforts of the Government of Rajasthan (GOR) to improve infrastructure,			

## INVESTMENT PROGRAM<sup>a</sup> AT A GLANCE

management, and performance of urban services to 2.5 million residents of Rajasthan. The RSTDIP is estimated to cost \$715 million with the MFF amount of \$500 million to be provided in two equal tranches.

**Impact:** Productivity, livability, and prosperity for the residents of Rajasthan improved (Government of India Three Year Action Agenda [2017]; and the Government of Rajasthan Urban Development Policy [2015])

**Outcome:** Urban service delivery in Jaipur and secondary towns of Rajasthan improved

**Outputs:** (i) Water supply system rehabilitated and expanded in Jaipur and program towns, (ii) Wastewater and sanitation system rehabilitated and expanded in program towns, and (iii) Institutional capacities, human resources, and program management strengthened

**Implementation Arrangements:** Local Self Government Department (LSGD) will be the executing agency.

**Project Readiness:** Project readiness is high. The Government of Rajasthan has prepared detailed project reports and bidding documents from its own resources to enhance readiness for project implementation. Advance contracting will be taken up to kick start the implementation.

### 11. Milestones

Modality	Estimated Approval	Estimated Completion <sup>b</sup>
Multitranche financing facility	25 April 2018	30 June 2025
Tranche I	25 April 2018	31 December 2023
Tranche II	1 May 2020	31 December 2025

### 12. Project Data Sheet (PDS)

PDS <sup>c</sup>	Not posted yet
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<sup>a</sup> Multitranche Financing Facility (MFF).

<sup>b</sup> For MFF, this refers to the end of the availability period; for tranches, this refers to the tranche closing date.

<sup>c</sup> Safeguard documents can be viewed by clicking the Document's hyperlink in the Project Data Sheet (PDS) page.

## I. THE INVESTMENT PROGRAM

### A. Rationale

1. The proposed multitranche financing facility (MFF) for the Rajasthan Secondary Towns Development Investment Program (RSTDIP) will complement past and ongoing efforts of the Government of Rajasthan (GOR) to improve infrastructure, management, and performance of urban services to 2.5 million residents of Rajasthan.<sup>1</sup> The RSTDIP will help reduce nonrevenue water (NRW); provide 24x7 water supply; and expand the drainage and sewerage network, including fecal sludge management and decentralized wastewater systems, in Jaipur, the capital city, and 37 secondary towns in Rajasthan.<sup>2</sup>

2. **Deficient urban infrastructure as constraint to growth and quality of life.** Increasing urbanization in India has aggravated the already deficient urban infrastructure and poor services.<sup>3</sup> The Asian Development Bank (ADB) India country partnership strategy, 2013–2017 identifies the urban infrastructure deficit as one of the most important binding constraints to inclusive economic growth.<sup>4</sup> Rajasthan, a water scarce state with a population of 68.6 million and an area of 342,239 square kilometers, is one of the largest states in the country. Urban population in the state is 25% and is growing at a compound annual growth rate of 3.19%, which is higher than the national population growth rate.

3. **Need for improving urban services in Jaipur and secondary towns.** The urban water, wastewater, and drainage services across Rajasthan are inadequate and do not meet national standards resulting in high incidence of water-borne diseases, unsanitary environment, and low competitiveness of urban areas for economic growth.<sup>5</sup> The investment program towns have intermittent and low-quality water supply, inadequate sewerage system, nonexistent fecal sludge management, and insufficient drainage network.<sup>6</sup> These towns are not covered under any major national flagship program for urban development.<sup>7</sup> Improved infrastructure under the RSTDIP will provide safe and continuous water supply, and sanitation and health benefits to the residents,

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<sup>1</sup> The project is included in ADB. 2017. *Country Operations Business Plan: India, 2017–2019*. Manila. Transaction technical assistance will be provided (Appendix 3).

<sup>2</sup> The 37 secondary towns comprise 25 towns with population of 50,000 to 100,000, two district headquarters and 10 heritage towns with population of less than 50,000.

<sup>3</sup> Government of India, High Powered Expert Committee. 2011. *Report on Indian Urban Infrastructure and Services*. New Delhi. Only 64% of India's urban population has individual water connections; water supply is mostly intermittent ranging from 1 to 6 hours a day; nonrevenue water accounts for about 50% of production; most cities do not have functional water meters; only 5% of cities have any kind of sewerage system; 18% of urban households defecate in the open; and only 21% of wastewater generated is treated.

<sup>4</sup> ADB. 2013. *Country Partnership Strategy: India, 2013–2017*. Manila.

<sup>5</sup> Ministry of Urban Development, Government of India. 2008. *Handbook of Service Level Benchmarking*. Delhi. [http://www.wsp.org/sites/wsp.org/files/publications/service\\_benchmarking\\_india.pdf](http://www.wsp.org/sites/wsp.org/files/publications/service_benchmarking_india.pdf)

<sup>6</sup> Current status of urban services in the proposed investment program towns in Rajasthan is as follows: average duration of water supply varies from 1 hour every 7 days to 3 hours every day; coverage varies from 50% to 80%; production varies from 23 to 107 liters per capita per day; and household service connections coverage varies from 50% to 75%. The nonrevenue water (NRW) ranges from 30% to 70% due to poor quality networks, unauthorized connections, ineffective metering, and poor revenue realization. There is no piped sewerage system in most towns, and septic tank coverage varies from 50% to 70%. Tariffs are very low (for example, the rate for up to 8,000 liters consumption for a domestic consumer is ₹1.72 or \$0.026 per 1,000 liters) and covers around 20% of the operation and maintenance cost of water supply. Sewerage charge is a percentage (20% or 33%) of the water charge.

<sup>7</sup> The Swachh Bharat (Clean India) is a flagship program that aims to eliminate open defecation and promote scientific waste management and sanitation. The Atal Mission for Rejuvenation and Urban Transformation (AMRUT) is a project-based initiative to transform 500 second- and third-tier cities and towns into efficient urban living spaces. The Smart Cities Mission focuses on smart solutions for cities.

especially the poor, women and children. Many of the towns have tourist attractions of national and international relevance and are expected to enhance residents' income and employment through increased tourism. The RSTDIP will also provide support to the Jaipur water utility for a few demonstration projects for reducing NRW, increasing efficiency and providing 24x7 water supply that will facilitate scaling up and replication of similar approach in the entire city.<sup>8</sup> The RSTDIP is aligned with Government of India's Three-Year Action Agenda, which lists infrastructure development as one of the key challenges faced by the urban sector.<sup>9</sup>

4. **Completed and ongoing ADB projects.** Since 2000, the GOR has successfully implemented three multisector urban investment projects, which benefitted more than 7 million residents of six major cities under the first project<sup>10</sup> and 1.6 million residents of 15 secondary cities under the second project.<sup>11</sup> The third ongoing project (Rajasthan Urban Sector Development Program) supports policy reforms, including institutional development and governance improvement in the urban sector in the state; and investments in the water distribution network in five project cities and sewerage systems in the six project cities.<sup>12</sup> Important lessons from these three projects will be incorporated in the design of the RSTDIP.

5. **Financing modality.** The MFF is an appropriate modality because (i) the GOR has experience of successfully implementing an MFF; (ii) the GOR has a policy framework, a sector road map, and a long-term investment program for the urban sector; (iii) the number of towns is large requiring significant investments in a phased manner with a well-defined financial envelope; (iv) ADB has engaged with the GOR for more than 15 years and it allows ADB to continue its current engagement and policy dialogue; and (v) it enhances project readiness, reduces transaction costs, and supports capacity building.<sup>13</sup>

## B. Impact, Outcome, and Outputs

6. The impact of the RSTDIP will be improved productivity, livability, and prosperity for the residents of Rajasthan.<sup>14</sup> The outcome will be improved urban service delivery in Jaipur and secondary towns of Rajasthan. The RSTDIP will have three outputs as follows:

7. **Output 1: Water supply system rehabilitated and expanded in Jaipur and program towns.** Activities include: (i) distribution network improvement on a district metering area (DMA)

<sup>8</sup> The RSTDIP will enhance value of earlier investments, financed by ADB and the GOR, in Jaipur.

<sup>9</sup> Government of India, NITI Aayog. 2017. *Three Year Action Agenda, FY2018 to FY2020*. New Delhi.

<sup>10</sup> ADB. 1998. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to India for the Rajasthan Urban Infrastructure Development Project*. Manila. The project focused on the urban sector with several subsectors, such as water supply, wastewater, urban transport, drainage, solid waste management, firefighting, and heritage in six major cities of the state (Ajmer, Bikaner, Jaipur, Jodhpur, Kota and Udaipur).

<sup>11</sup> ADB. 2007. *Report and Recommendation of the President to the Board of Directors: Proposed Multitranchise Financing Facility to India for the Rajasthan Urban Sector Development Investment Program*. Manila. The project covered 15 secondary cities (Alwar, Baran, Barmer, Bharatpur, Bundi, Chittorgarh, Churu, Dholpur, Jaisalmer, Jhalawar, Karauli, Nagaur, Raj Samand, Sawai Madhopur and Sikar).

<sup>12</sup> ADB. 2014. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to India for the Rajasthan Urban Sector Development Program*. Manila. The six project cities are Bhilwara, Sri Ganganagar, Pali, Tonk, Hanumangarh, and Jhunjhunu.

<sup>13</sup> During project preparation, further due diligence will be carried out to develop the MFF constituents (strategic context, sector roadmap, policy framework, investment program and financing plan). Comparison of the Financing Modalities is in Appendix 5.

<sup>14</sup> Government of India, NITI Aayog. 2017. *Three Year Action Agenda, FY2018 to FY2020*. New Delhi; and Government of Rajasthan, Department of Local Self Government. 2015. *Urban Development Policy, 2015*. Jaipur.



basis for NRW reduction; (ii) provision of individual property connections to residents, especially the poor and households headed by women; (iii) provision of 24-hour water supply; and (iv) improvement of water supply efficiency by reducing NRW and energy losses of electromechanical machinery.

8. **Output 2: Wastewater and sanitation system rehabilitated and expanded in program towns.** Activities include: (i) rehabilitation and expansion of the sewerage network, including separation of sewers from drains, and property connections; (ii) modernization and expansion of wastewater treatment plants; (iii) use of wastewater as a resource, including recycling of wastewater, and energy generation through sludge digestion; and (iv) fecal sludge management and decentralized wastewater treatment systems.

9. **Output 3: Institutional capacities, human resources, and program management strengthened.** Activities include: (i) capacity building of urban institutions and municipal bodies, (ii) program management, (iii) implementation of a gender equality and social inclusion action plan, (iv) implementation of a consultation and participation plan, and (v) use of high level technology to drive efficiency in operations and service delivery.

### C. Investment and Financing Plans

10. The RSTDIP is estimated to cost \$715 million (Table 1). The MFF of \$500 million will be provided in two tranches of \$250 million each.<sup>15</sup>

**Table 1: Tentative Financing Plan**

Source	Amount (\$ million)	Project 1 (\$ million)	Share (%)
Asian Development Bank			
Ordinary capital resources (regular loan)	500.0	250	70.0
Government of Rajasthan	215.0	107.5	30.0
<b>Total</b>	<b>715.0</b>	<b>357.5</b>	<b>100.0</b>

Source: ADB estimates.

### D. Indicative Implementation Arrangements

11. The GOR through its Local Self Government Department will be the executing agency; and the Rajasthan Urban Infrastructure Development Project (RUIDP) will be the implementing agency for the RSTDIP. Implementation units will be established in RUIDP and will be responsible for implementing the RSTDIP. The RUIDP will recruit consulting firms in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). Procurement of civil works and goods will be carried out in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).

## II. DUE DILIGENCE REQUIRED

12. Due diligence will be carried out to develop the MFF constituents, and address various issues recorded in the concept paper review meeting. In addition, this will include the following:

- (i) **Technical.** Due diligence will be carried out for each subproject to ensure technical feasibility, suitability, and appropriateness of technology.
- (ii) **Economic and financial.** Economic and financial analyses and a financial management assessment of the key agencies will be carried out to determine the

<sup>15</sup> Project 1 corresponds to the first tranche of the MFF, and Project 2 corresponds to the second tranche.

- financial and economic viability and sustainability.
- (iii) **Governance.** A governance risk assessment will be carried out for public financial management, procurement, anticorruption, policy, and legal issues.
  - (iv) **Poverty and social.** Project 1 of the RSTDIP is classified “effective gender mainstreaming.” An initial poverty and social assessment has been prepared (Appendix 4). Due diligence will be carried out to prepare a gender equality and social inclusion action plan and a consultation and participation plan.
  - (v) **Safeguards.** Project 1 of the RSTDIP is provisionally categorized B for involuntary resettlement, B for environment, and C for indigenous peoples. Necessary safeguards documents will be prepared in accordance with the ADB’s Safeguard Policy Statement (SPS), 2009.
  - (vi) **Climate change and disasters.** Due diligence will be carried out for disaster and climate change risk assessment, considering the exposure of the project areas and vulnerability of households to climate change and disasters triggered by natural hazards.

### III. PROCESSING PLAN

#### A. Risk Categorization

13. The RSTDIP is categorized as complex as the loan amount exceeds \$200 million for the MFF. The project implementation will be facilitated because of ADB’s sound experience in the urban sector in Rajasthan, and the GOR’s good capacity and experience.

#### B. Resource Requirements

14. Resource requirements for transaction technical assistance (TRTA), which will be fully administered by ADB, are provided in Appendix 3. The estimated internal resource requirements are: 12 weeks for mission leader; and 4 weeks each for financial management specialist, environmental safeguards specialist, social safeguards specialist, project implementation specialist, and counsel.

#### C. Processing Schedule

15. The proposed processing schedule is in Table 2.

**Table 2: Proposed Processing Schedule**

<b>Milestones</b>	<b>Expected Completion Date</b>
Concept paper clearance	July 2017
Fact-finding mission	September 2017
Management review meeting	December 2017
Loan negotiations	February 2018
Board consideration	April 2018
Loan signing	June 2018
Loan effectiveness	July 2018

Source: ADB estimates.

### IV. KEY ISSUES

16. The GOR has undertaken preparation of detailed project reports from its own resources, and has requested early processing and quick implementation of the proposed investment program. The RSTDIP will require strong support from stakeholders both in the GOR and ADB.

### DESIGN AND MONITORING FRAMEWORK FOR THE INVESTMENT PROGRAM

**Impacts the Program is aligned with:**

Productivity, livability, and prosperity for the residents of Rajasthan improved (Government of India Three-Year Action Agenda [2017];<sup>a</sup> and the Government of Rajasthan Urban Development Policy [2015])<sup>b</sup>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
<b>Outcome</b> Urban service delivery in Jaipur and secondary towns of Rajasthan improved	By 2026: <b>Program towns:</b> a. Piped water supply coverage in program towns improved to 100% of service area (2017 baseline: 70%)  b. 24-hour water supply provided to 2.50 million residents (including 100% residents of FHHs) in program towns at a pressure of 7 meters (2017 baseline: average 0.5 to 1.0 hour per day in 2 to 4 days to 1.8 million residents at a pressure of 0.5 to 4.0 meters)  c. NRW in program towns reduced to less than 15% (2017 baseline: more than 50%)  d. Wastewater coverage (sewerage or fecal sludge management) in program towns increased to 75% (2017 baseline: average 22% and 0% for most towns)  <b>Jaipur:</b> e. NRW reduced to less than 15% and 24x7 water supply operational for 200,000 residents in 40 demonstration DMAs in Jaipur (2017 baseline: 0)	a-e. Quarterly progress reports of RUIDP and LSGD	Reforms are not continued due to changes in political priorities  Urban local bodies of program towns do not effectively implement revenue improvement plans (transfers, tariffs, and taxes) affecting financial sustainability
<b>Output 1:</b> 1. Water supply system rehabilitated and expanded in Jaipur and program towns	By 2025: <b>Program towns:</b> 1a. More than 360 DMAs established and commissioned in program towns (2017 baseline: 0)  1b. 7,000 km of pipelines constructed or rehabilitated (2017 baseline: 0)  1c. 500,000 property connections (including 100% FHHs) with functional meters replaced or installed (2017 baseline: 400,000 with 90% nonfunctional meters)	1a-f. Quarterly progress reports of RUIDP and LSGD	DMA approach does not continue sustainably

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	<p>1d. 100 MLD water treatment capacity added (2017 baseline: xx MLD)</p> <p>1e. xx community groups (with at least 50% women leaders) established and trained in O&amp;M of water and sanitation services</p> <p><b>Jaipur:</b></p> <p>1f. More than 40 DMAs established and commissioned in Jaipur (2017 baseline: 0)</p>		
2. Wastewater and sanitation system rehabilitated and expanded in program towns	<p>By 2025:</p> <p><b>Program towns:</b></p> <p>2a. 3,000 km of sewers and 150 MLD wastewater treatment plants constructed or rehabilitated, and 250,000 households (including 100% FHHs) connected to sewerage network in xx program towns (2017 baseline: 0)</p> <p>2b. 100 km of drains constructed or rehabilitated in 10 program towns (2017 baseline: 0)</p> <p>2c. 10 fecal sludge treatment plants of total 0.5 MLD capacity constructed and 150,000 households (including 100% FHHs) connected in 15 program towns (2017 baseline: 0 MLD treatment and 0 connections)</p> <p>2d. Wastewater and fecal sludge recycling and reuse system established in at least 5 towns (2017 baseline: 0)</p>	2a-d. Quarterly progress reports of RUIDP and LSGD	Residents' resistance to civil works and sewerage connections increase due to likely disruptions
3. Institutional capacities, human resources, and program management strengthened	<p>By 2025:</p> <p><b>Program towns and Jaipur:</b></p> <p>3a. Comprehensive SCADA, hydraulic model and GIS established in Jaipur and program towns (2017 baseline: Not applicable)</p> <p>3b. Capacity development plans including training on GESI prepared and implemented; and 750 staff and elected representatives of urban local bodies of program towns trained in municipal services</p>	3a-d. Quarterly progress reports of RUIDP and LSGD	GOR does not adequately empower urban local bodies of program towns

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	<p>management (2017 baseline: Not applicable)</p> <p>3c. Drinking water and treated wastewater quality monitoring systems, as per national standards, established in Jaipur and program towns (2017 baseline: 0)</p> <p>3d. DMA-based organizational structure established in Jaipur and xx program towns (2017 baseline: 0)</p>		

### Key Activities with Milestones

#### 1. Water supply system rehabilitated and expanded in Jaipur and program towns

- 1.1 Complete NRW assessment in program towns (December 2018)
- 1.2 Award all water supply contracts (December 2019)
- 1.3 Complete the civil works to start 24-hour water supply (December 2023)
- 1.4 Complete all construction and commission all water supply facilities (December 2024)

#### 2. Wastewater and sanitation system rehabilitated and expanded in program towns

- 2.1 Operationalize environmental monitoring system (December 2019)
- 2.2 Complete energy and environmental audits (December 2018)
- 2.3 Finalize safety manual for civil works (December 2018)
- 2.4 Award all wastewater and fecal sludge management contracts (December 2019)
- 2.5 Complete all construction and commission all wastewater or fecal sludge facilities (December 2024)

#### 3. Institutional capacities, human resources, and program management strengthened

- 3.1 Initiate capacity-building activities of LSGD, PMU, and PIU staff (July 2018)
- 3.2 Initiate preparation of water quality monitoring system (January 2019)
- 3.3 Operationalize SCADA, GIS and hydraulic model systems (December 2020)

### Program Management Activities

- Establish program management unit with full staff (December 2018)
- Mobilize project management and supervision consultant (December 2018)
- Start implementation of GESI action plan and CPP (January 2019)

### Inputs

**ADB:** \$500 million (regular loan)

**Government:** \$215 million

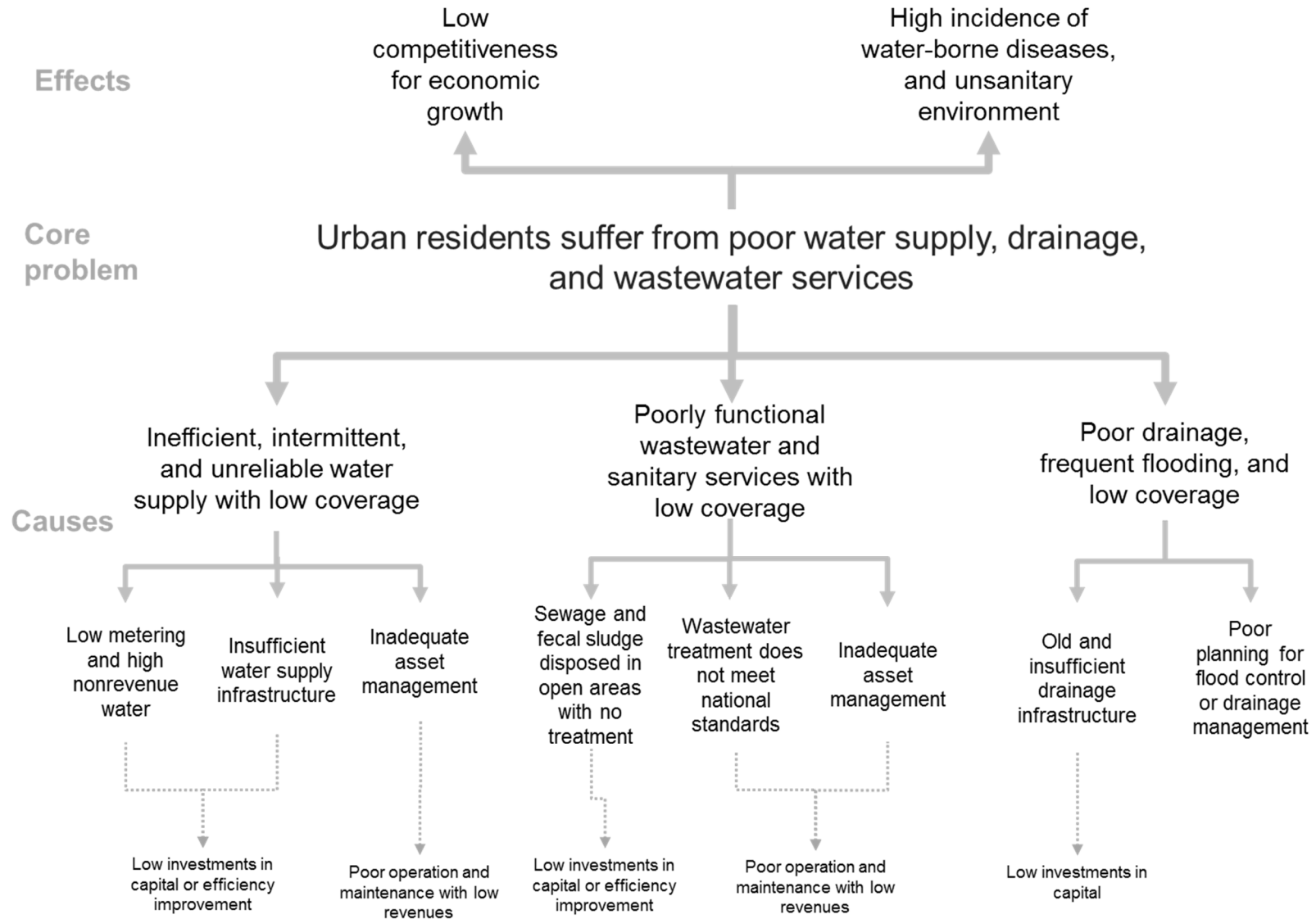
### Assumptions for Partner Financing: Not applicable

ADB = Asian Development Bank, CPP = consultation and participation plan, DMA = district metering area, FHH = female-headed household, GESI = gender equality and social inclusion, GIS = geographic information system, GOR = Government of Rajasthan, km = kilometer, LSGD = Local Self Government Department, MLD = million liters per day, NRW = nonrevenue water, O&M = operation and maintenance, PIU = program implementing unit, PMU = program management unit, RUIDP = Rajasthan Urban Infrastructure Development Project, SCADA = supervisory control and data acquisition.

<sup>a</sup> Government of India, NITI Aayog. 2017. *Three Year Action Agenda, FY2018 to FY2020*. New Delhi.

<sup>b</sup> Government of Rajasthan, Department of Local Self Government. 2015. *Urban Development Policy, 2015*. Jaipur. Source: Asian Development Bank.

# PROBLEM TREE





## Technical Assistance Report

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Project Number: 42267-027  
Transaction Technical Assistance (TRTA)  
June 2017

### INDIA: Preparing the Rajasthan Secondary Towns Development Investment Program

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

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(as of 16 June 2017)

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RSTDIP	–	Rajasthan Secondary Towns Development Investment Program
RUIDP	–	Rajasthan Urban Infrastructure Development Project
TRTA	–	transaction technical assistance

## **NOTE**

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- (ii) In this report, “\$” refers to US dollars.



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## TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE				Project Number: 42267-027
1. Basic Data				
Project Name	Preparing the Rajasthan Secondary Towns Development Investment Program	Department /Division	SARD/SAUW	
Nature of Activity	Project Preparation, Capacity Development	Executing Agency	Rajasthan Urban Infrastructure Development Project	
Modality	Regular			
Country	India			
2. Sector		Subsector(s)		ADB Financing (\$ million)
✓ Water and other urban infrastructure and services	Urban sewerage			0.65
	Urban water supply			0.65
			Total	1.30
3. Strategic Agenda		Subcomponents		Climate Change Information
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project		Medium
Environmentally sustainable growth (ESG)	Eco-efficiency Urban environmental improvement			
4. Drivers of Change		Components		Gender Equity and Mainstreaming
Governance and capacity development (GCD)	Client relations, network, and partnership development to partnership driver of change	Effective gender mainstreaming (EGM)		✓
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas			
Partnerships (PAR)	Civil society organizations Implementation Private Sector			
5. Poverty and SDG Targeting		Location Impact		
Geographic Targeting	Yes	Urban		High
Household Targeting	No			
SDG Targeting	Yes			
SDG Goals	SDG6, SDG11			
6. Risk Categorization		Low		
7. Safeguard Categorization Safeguard Policy Statement does not apply				
8. Financing				
Modality and Sources		Amount (\$ million)		
ADB		1.30		
Transaction technical assistance: Technical Assistance Special Fund		1.30		
Cofinancing		0.00		
None		0.00		
Counterpart		0.00		
None		0.00		
Total		1.30		

## I. THE ENSUING INVESTMENT PROGRAM

1. The proposed multitranche financing facility (MFF) for the Rajasthan Secondary Towns Development Investment Program (RSTDIP) will complement past and ongoing efforts of the Government of Rajasthan (GOR) to improve infrastructure, management, and performance of urban services to 2.5 million residents of Rajasthan.<sup>1</sup> The RSTDIP will help reduce nonrevenue water (NRW); provide 24x7 water supply; and expand the drainage and sewerage network, including fecal sludge management and decentralized wastewater systems, in Jaipur, the capital city, and 37 secondary towns in Rajasthan. The impact of the RSTDIP will be productivity, livability, and prosperity for the residents of Rajasthan improved.<sup>2</sup> The outcome will be urban service delivery in Jaipur and secondary towns of Rajasthan improved. The RSTDIP is estimated to cost \$715 million with the MFF amount of \$500 million to be provided in two equal tranches.

## II. THE TECHNICAL ASSISTANCE

### A. Justification

2. The transaction technical assistance (TRTA) will help the GOR prepare the proposed investment program. The TRTA will carry out due diligence on technical, economic, financial, governance, safeguards, gender, poverty, social, natural hazard and climate resilience aspects for the ensuing investment program. Assisting the target secondary towns along the capital city, Jaipur, is an integral part of investment program preparation, without which the program implementation may face significant start-up delays. The TRTA is synchronized to maximize knowledge transfer and suggest the ways to suitably coordinate with ongoing and other proposed projects in water and wastewater sectors in Rajasthan.

3. The TRTA will enhance project readiness by assisting the GOR in undertaking advance actions, including identification of lands for project facilities. The GOR has taken advance actions of preparing detailed project reports (DPRs) and bidding documents for the subprojects under the RSTDIP. The TRTA will assist in the preparation of a sector assessment, road maps, and investment plan, and a pre-feasibility study for future projects.

### B. Outputs and Activities

4. The major outputs and activities are summarized in Table 1.

**Table 1: Summary of Major Outputs and Activities**

Major Outputs	Delivery Date	Key Activities with Milestones
Inception report	August 2017	1.1 Review of existing policies, projects and masterplan 1.2 Submission of workplan and timelines of activities
Interim report	September 2017	2.1 Submission of due diligence reports including technical, environment, social, gender, procurement, implementation arrangements and financial/economic analysis
Draft final report	December 2017	3.1 Submission of revised due diligence reports and all linked documents to Report and Recommendation of the President (RRP)

<sup>1</sup> The project and the TA are included in ADB. 2017. *Country Operations Business Plan: India, 2017–2019*. Manila.

<sup>2</sup> Government of India, NITI Aayog. 2017. *Three Year Action Agenda, FY2018 to FY2020*. New Delhi; and Government of Rajasthan, Department of Local Self Government. 2015. *Urban Development Policy, 2015*. Jaipur.

Major Outputs	Delivery Date	Key Activities with Milestones
Final report	April 2018	4.1 Finalization of due diligence reports 4.2 Support for enhancement of project readiness and expediting implementation

### C. Cost and Financing

5. The TRTA is estimated to cost \$1,300,000 equivalent, which will be financed on a grant basis by Technical Assistance Special Fund (TASF-Others) of the Asian Development Bank (ADB). The key expenditures items are listed in Annexure 1.

6. The GOR will provide support in the form of counterpart staff, office and housing accommodation, office supplies, secretarial assistance, provision of office space, communication facilities for consultants, and other in-kind contributions. The TRTA proceeds will be disbursed in accordance with ADB Technical Assistance Disbursement Handbook (May 2010, as amended from time to time).

### D. Implementation Arrangements

7. The GOR, through Rajasthan Urban Infrastructure Development Project (RUIDP) under the Local Self Government Department, will be the executing agency. ADB's South Asia Department, through the Urban Development and Water Division, will serve as the implementing agency and will be responsible for coordinating, supervising, and implementing all TRTA activities, including recruitment and monitoring of consultants.

8. The GOR will provide (i) all relevant documents, data, statistics, information, and maps that are available at the disposal of the GOR; (ii) appropriate and qualified counterpart staff, including their field per diem and field transportation; (iii) office accommodation and office equipment, including desks and chairs, and local communication; (iv) logistical assistance for the workshops and seminars, including the venue, and identifying and inviting the invitees; and (v) utility costs, covering electricity and water, among others.

9. Procurement of goods will be carried out in accordance with ADB's Procurement Guidelines (2015, as amended from time to time). The equipment procured under the TA will be turned over to the GOR at the end of the TRTA.

10. The TRTA will be implemented from July 2017 to June 2018. The proposed TRTA processing and implementation schedule is listed in Table 2.

**Table 2: Implementation Arrangements**

Aspects	Arrangements		
Indicative implementation period	July 2017–June 2018		
Executing agency	Government of Rajasthan through its Local Self Government Department		
Implementing agency	Urban Development and Water Division, South Asia Department, ADB		
Consultants	To be selected and engaged by ADB		
	QCBS (80:20)	82 person-months	\$ 1,060,000
Procurement	Shopping of goods (computer, printers, laptop)		
Disbursement	The TA resources will be disbursed following ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time).		

Aspects	Arrangements
Asset turnover or disposal arrangement upon TA completion	Fixed asset will be turned over to RUIDP upon completion of the TRTA.

ADB = Asian Development Bank, QCBS = Quality-Cost Based Selection, RUIDP = Rajasthan Urban Infrastructure Development Project, TA = technical assistance  
Source: ADB estimates.

11. **Consulting services.** The consultant team will be composed of international and national consultants. All consultants will work collectively as a team in developing all outputs. The consulting services required for the TRTA will include expertise in: (i) Water Supply; (ii) Nonrevenue Water Reduction; (iii) Wastewater; (iv) Wastewater Treatment; (v) Procurement; (vi) Financial Management; (vii) Economics; (viii) Environmental Safeguards; (ix) Social Safeguards; (x) Institutional Development; (xi) Communication; and (xii) Private Sector and Public Private Partnerships. The consulting services terms of reference are reported in Annexure 2.

12. The team leader and the ADB project officer may augment the tasks outlined, as required, to comply with ADB guidelines and procedures and to improve the quality of the overall TRTA. The tasks are to be carried out in close cooperation with the GOR, and extensive consultation is needed to ensure transfer of knowledge and full ownership of the processes and documents by the concerned GOR agencies. The TRTA will require about 82 person-months of consulting services (8 international and 74 national). The consultants will work under the overall guidance of the ADB project officer and project director, RUIDP, and will be recruited under one package (firm) using the quality- and cost-based method of selection with a standard quality-cost ratio of 80:20. A simplified technical proposal will be used for the selection of a firm. The consultant team will work closely with RUIDP team and its consultants recruited to prepare DPRs for the RSTDIP. The consultants will be engaged by ADB in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time).<sup>3</sup>

13. In addition to the firm, a few individual consultants may also be recruited as necessary to provide support to enhance project readiness and expedite project start-up activities. They will undertake training of relevant officials involved in the project, and assist the executing agency and implementation agency in undertaking advance contracting for civil works and loan consultants for the project.

<sup>3</sup> Terms of Reference for Consultants (See Annexure 2 of this document).

**ANNEXURE 1: COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

<b>Item</b>	<b>Amount</b>
<b>A. Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (8 person-months)	260.0
ii. National consultants (74 person-months)	730.0
b. Out-of-pocket expenditures	
i. International and local travel	60.0
ii. Reports and communications	10.0
2. Equipment (computer, printer, etc.)	30.0
3. Surveys	80.0
4. Training, seminars, and conferences	50.0
5. Miscellaneous administration and support costs	20.0
6. Contingencies	60.0
<b>Total</b>	<b>1300.0</b>

Note: The technical assistance (TA) is estimated to cost \$1,300,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of counterpart staff, office and housing accommodation, office supplies, secretarial assistance, provision of office space, communication facilities for consultants, and other in-kind contributions.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

Source: Asian Development Bank estimates.

## ANNEXURE 2: TERMS OF REFERENCE FOR THE CONSULTANTS

### I. Proposed Project and Technical Assistance

1. The proposed Rajasthan Secondary Towns Development Investment Program (RSTDIP) (the Project) with an approximate amount of \$715 million (ADB financing of \$500 million) will support the ongoing efforts of the Government of Rajasthan (the government) towards improving the water and wastewater services in 37 towns, each with population between 50,000 and 100,000, in the state. The project will invest in the rehabilitation and expansion of water supply network for reduction of nonrevenue water (NRW), 24x7 water supply, the rehabilitation and expansion of sewerage network, modernization and new construction of water supply and wastewater treatment plants, as required, fecal sludge management, and decentralized wastewater management systems in the project towns. The project is expected to increase operational efficiency, improve service delivery, and result in positive impact on health and quality of life for the residents of project towns in the state.

2. The impact of the RSTDIP will be improved productivity, livability, and prosperity for the residents of Rajasthan. The outcome will be improved urban service delivery in Jaipur and secondary towns of Rajasthan. The project will focus on investment in infrastructure that maximizes the efficiency, effectiveness and utility of infrastructure and services planned under the ongoing Asian Development Bank (ADB) loans and will prioritize the underserved areas and the poor sections of population in the project towns in Rajasthan. The project will also support and further consolidate the continuing efforts of the government and ADB in institutional development and improvement of governance in the urban sector. The project will have 3 outputs as follows.

3. **Output 1: Water supply system rehabilitated and expanded in Jaipur and program towns.** Activities include: (i) distribution network improvement on a district metering area (DMA) basis for NRW reduction; (ii) provision of individual property connections to residents, especially the poor and households headed by women; (iii) provision of 24-hour water supply; and (iv) improvement of water supply efficiency by reducing NRW and energy losses of electromechanical machinery.

4. **Output 2: Wastewater and sanitation system rehabilitated and expanded in program towns.** Activities include: (i) rehabilitation and expansion of the sewerage network, including separation of sewers from drains, and property connections; (ii) modernization and expansion of wastewater treatment plants; (iii) use of wastewater as a resource, including recycling of wastewater, and energy generation through sludge digestion; and (iv) fecal sludge management and decentralized wastewater treatment systems.

5. **Output 3: Institutional capacities, human resources, and program management strengthened.** Activities include: (i) capacity building of urban institutions and municipal bodies, (ii) program management, (iii) implementation of a gender equality and social inclusion action plan, (iv) implementation of a consultation and participation plan, and (v) use of high level technology to drive efficiency in operations and service delivery.

6. The transaction technical assistance (TRTA) will support preparation of the documents required for approval of the Project by ADB Board and the government. The TRTA consultant will help GOR and ADB carry out due diligence on technical, economic, financial, governance, safeguards, gender, poverty, social, natural hazard and climate aspects for the ensuing project. Specifically the TRTA consultant will (i) determine the feasibility of the proposed investments for



water and wastewater infrastructure in the Project towns for NRW reduction, 24x7 water supply and appropriate waste management systems covering (a) preliminary engineering designs, (b) cost estimates and financing plan, (c) financial and economic viability and sustainability, (d) environmental and social soundness, (e) due diligence for disaster and climate change risk assessment, considering the exposure of the project areas and vulnerability of households to climate change and disasters triggered by natural hazards, and (f) detailed implementation arrangements; and (ii) prepare an institutional capacity strengthening program. The TRTA will also prepare the necessary documents for approval of the Project.

## II. Consulting Services

7. The consultant team will comprise international and national consultants. All consultants will work collectively as a team in developing all outputs. The consulting services required for the TRTA will include, but will not necessarily be limited to, the services described in these terms of reference. The team leader and the Asian Development Bank (ADB) project officer may augment the tasks outlined, as required, to comply with ADB guidelines and procedures and to improve the quality of the overall TRTA. The tasks are to be carried out in close cooperation with the Government, and extensive consultation is needed to ensure transfer of knowledge and full ownership of the processes and documents by the concerned government agencies.

8. The TRTA will require about 82 person-months of consulting services (8 international and 74 national). A team of consultants, who will work under the overall guidance of the ADB project officer and Project Director, RUIDP, will be recruited under one package using the quality- and cost-based method of selection with a standard quality-cost ratio of 80:20. A simplified technical proposal will be used for the selection of a firm. The team will work closely with RUIDP team and its consultants recruited to prepare DPRs for RSTDIP. The summary of consulting services requirement is presented in Table 1.

**Table 1: Qualifications, Experience and Person-months requirements**

	<b>Specialist, (National or International)</b>	<b>Desired requirements</b>	<b>Person- Months</b>
<b>International</b>			
1	Team Leader and Water Supply Expert	A Graduate Civil Engineer with approximately 20 years relevant international experience in project management or operations of urban water supply systems, especially distribution network improvement with NRW reduction and 24x7 water supply. Experience of project preparation or feasibility studies of projects financed by multilateral financial institutions (WB, ADB, etc.); and experience of working as Team Leader of ADB's transaction technical assistance (TRTA) are desirable. As the team leader, he/she will (i) lead the overall implementation of the TRTA, (ii) ensure timely inputs from all the members in the team and will review and ensure quality of inputs from each member, (iii) coordinate closely with the government, RUIDP, DPR consultants, and ADB, (iv) be responsible for overall quality and timeliness of the outputs under the TRTA, and (v) prepare processing documents as required by ADB and the government.	7
2	Nonrevenue Water Expert	A Graduate Civil Engineer with approximately 20 years relevant international experience in water supply projects in urban areas for NRW reduction and distribution network improvement for 24x7 water supply. Experience of project preparation or feasibility	1

		studies of projects financed by multilateral financial institutions (WB, ADB, etc.) will be desirable.	
		<b>Total International</b>	<b>8</b>
<b>National</b>			
1	Deputy Team Leader and Water Supply Expert	<p>A Graduate Civil Engineer with approximately 15 years relevant experience in project management or operations of urban water supply systems. Experience of project preparation or feasibility studies of projects financed by multilateral financial institutions (WB, ADB, etc.), especially ADB's transaction technical assistance (TRTA) are desirable.</p> <p>As the Deputy team leader, he/she will work with the Team Leader to ensure (i) overall implementation of the TRTA, (ii) timely inputs from all the members in the team and will review and ensure quality of inputs from each member, (iii) coordination with the government, RUIDP, DPR consultants, and ADB (iv) quality and timeliness of the outputs under the TRTA, and (v) preparation of processing as required by ADB and government for approval of the project.</p>	8
2	Water Supply Expert (3 persons)	A Graduate Civil Engineer with approximately 15 years of relevant experience in design, construction, and project management of water supply systems, especially distribution network improvement for NRW reduction and 24x7 water supply. Knowledge of GIS and Network Modeling software will be desirable.	3x 5 person-months each =15
3	Wastewater Expert (3 persons)	A Graduate Civil Engineer with approximately 15 years of relevant experience in design, construction, and project management of sewerage systems and wastewater treatment plants. Knowledge of GIS and Network Modeling software will be desirable.	3x5 person-months each =15
4	Wastewater treatment expert	A Graduate Civil Engineer/Mechanical Engineer with approximately 15 years of relevant experience or a Post-graduate with approximately 10 years relevant experience in design, procurement, construction, and contract and project management of wastewater treatment plants. Knowledge and experience of working on various available technologies along with comprehensive understanding of relative advantages and disadvantages of wastewater treatment technologies are desirable. Knowledge of SCADA System will be desirable. He/She will work with Wastewater Experts to recommend the best techno-economic treatment technologies for the proposed project.	3
5	Procurement Specialist	A Graduate Engineer with approximately 15 years of relevant experience in procurement and contract management, preferably in projects financed by multilateral organizations. Knowledge and experience of procurement of Design-Build-Operate (DBO) systems, and ADB's procurement systems are desirable.	4
6	Financial management expert	A Professional qualification such as Chartered Accountant or a Post-graduate in Economics/ Finance/Business Administration/Commerce or related field with approximately 10 years of relevant experience. Specifically, experience of working on projects financed by multilateral organizations, and expertise in ADB's systems of project financial management are desirable.	4

7	Economist	An Economist with approximately 10 years of relevant experience. Specifically, experience of working on projects financed by multilateral organizations, and expertise in ADB's procedures of economic analysis are desirable.	4
8	Environmental Safeguards Expert	A Graduate or Post-graduate in Environmental Science/Environmental Management or related field with approximately 10 years of experience of working on Environmental safeguards, preferably in projects financed by multilateral organizations. Knowledge and experience of ADB's systems of environmental safeguards are desirable.	4
9	Social development and Gender Expert	A Graduate or Post-graduate in Social Science/Political Science or related field with approximately 10 years of experience of working on gender, social development and poverty issues, preferably in projects financed by multilateral organizations. Knowledge and experience of working on projects involving ADB's social, gender, and poverty policies are desirable.	4
10	Social Safeguard Expert	A Graduate in Social Science/Political Science or related field with approximately 10 years of experience of working on Social safeguards, preferably in projects financed by multilateral organizations. Knowledge and experience of working on projects involving ADB's resettlement policies are desirable.	4
11	Institutional Development Expert	A Graduate with approximately 15 years of experience of working in urban sector. Experience of working in projects financed by multilateral organizations, and expertise related to functional areas such as institutional development, trainings and capacity building, development and implementation of medium term and long term business plans in the urban sector are desirable.	3
12	Communication Expert	A Graduate in a field related to Communications with approximately 15 years of experience of working in public communications and stakeholders' consultations. Experience of working in projects financed by multilateral organizations, and expertise related to functional areas such as communications, public education, community mobilization, and institutional development are desirable.	3
13	Private Sector and PPP Expert	A degree in Business Administration, Engineering, Finance, Economics or related field with approximately 15 years of relevant experience in private sector development and PPP, especially in the urban sector. Experience of working on projects financed by multilateral organizations (ADB, WB, etc.) will be desirable. Knowledge and expertise in assessment of policies and regulatory framework for private sector participation are desirable.	3
<b>Total National</b>			<b>74</b>

Source: ADB estimates.

### III. Detailed Terms of Reference

#### A. General

#### 9. The consultants will:

- (i) evaluate water supply and wastewater management systems of the project towns in Rajasthan and recommend measures to ensure use of best practices from other projects or other water and wastewater utilities;

- (ii) incorporate lessons learned from ADB's as well as other development partners' interventions in urban development in general and water and wastewater management in particular;
- (iii) collaborate closely with the executing agency and beneficiaries to finalize the project investment packages that will be included in the ensuing Project, and prepare all necessary due diligence documents for these packages;
- (iv) consult key stakeholders to identify the project design parameters, institutional bottlenecks to water and wastewater service provision, and major issues facing the service providers in project towns in delivering water and wastewater services;
- (v) work closely with DPR consultants and review the DPRs and procurement documents being prepared by them;
- (vi) prepare method statements for NRW reduction and 24x7 water supply; and specifications for water supply and wastewater systems based on best practices followed in other countries;
- (vii) prepare a project administration manual (PAM) and other due diligence documents required for approval of the Project by ADB Board and the Government;
- (viii) carry out risk assessment based on governance risk assessment tool, and disaster management and climate change screening tool as per ADB requirements; and
- (ix) coordinate with ADB and the Government regarding possibilities of cofinancing and/or parallel financing by other development partners, and prepare packages suitable for cofinancing and/or parallel financing;

## **B. Technical Analysis-Water and Wastewater**

10. The consultant will undertake analysis of the current status of water, wastewater and drainage services in the proposed secondary towns and identify the gaps and the proposed interventions including infrastructure investments and non-physical interventions. Similar analysis will be undertaken in the proposed demonstration areas of Jaipur for water services. The consultant will determine the technical feasibility of the proposed investments for water and wastewater infrastructure improvement in project towns, and prepare preliminary engineering designs, cost estimates, financing plan, and procurement plan with focus on nonrevenue water reduction, 24x7 water supply, decentralized wastewater treatment systems, fecal sludge management, and energy-efficient technologies. The consultants will select the most suitable technology, equipment, and facilities considering the capacities of the local authorities to manage, operate, and maintain the assets created. The consultants will:

- (i) identify and prioritize, in consultation with the government, the critical investments required in water and wastewater sector in each project town with focus on distribution network improvement for NRW reduction and 24x7 water supply;
- (ii) carry out technical due diligence of all identified water and wastewater sector components for feasibility, utility, relevance, criticality, impact, and operational sustainability;
- (iii) prepare preliminary engineering designs, cost estimates, financing plan, procurement plan, and other documents required for processing the project;
- (iv) conduct necessary topographical and geo-technical surveys through outsourcing to provide necessary data for preparing detailed engineering designs and bidding documents including bill of quantities;
- (v) assess land acquisition requirements for the identified critical and prioritized subprojects to be financed under the Project and support the government to carry out the land acquisition proceedings;

- (vi) recommend energy-efficient technologies for waste treatment, and where feasible, energy generation from methane gas produced in wastewater treatment plants to achieve minimum (almost zero) energy balance;
- (vii) recommend effective solutions to the problem of inter-mixing of storm water and wastewater systems; the sewerage network packages will be identified, and prepared considering the proposed solutions;
- (viii) identify the potential of reuse of the treated wastewater, propose treatment system with techno-economic analysis, and recommend maximum reuse;
- (ix) prepare guidelines to develop operation and maintenance (O&M) embedded construction contracts for wastewater treatment plants; and
- (x) prepare an operation and maintenance plan with cost implications and responsibilities for all Project components.

### **C. Procurement**

11. The consultants will carry out procurement due diligence and prepare the documents required for processing of the Project, procurement of civil works, goods, and consultants, and taking advance actions in accordance with ADB's Procurement Guidelines (2015, as amended from time to time), and Guidelines for the Use of Consultants (2013, as amended from time to time). Specifically, the consultants will:

- (i) prepare procurement methods and packages in accordance with ADB's Guidelines on Procurement, and outline terms of reference for consulting services for management and implementation of the Project;
- (ii) conduct procurement capacity assessment for the executing agency and implementing agency, and identify measures to minimize procurement and financial management risk;
- (iii) undertake necessary surveys and studies, hire specialized agencies for this purpose for supporting the processing of the Project;
- (iv) prepare a procurement plan for the Project with suggested level of prior or, if applicable, post review based on the procurement capacity assessments, containing an indicative implementation schedule with proposed sequencing of consultant recruitment and procurement bidding and awards for civil works and goods; and
- (v) identify advance actions to be undertaken to ensure smooth start-up of Project implementation using the project readiness filter; prepare documents necessary for advance actions such as invitations for expressions of interest, request for proposal, and shortlist of consulting firms; and provide training for the evaluation of proposals.

### **D. Financial Analysis and Financial Management Assessment**

12. The consultant will carry out financial due diligence of the subprojects and prepare the documents required for processing of the Project, and taking advance actions in accordance with ADB's technical guidance note (TGN) for Financial Management Assessment (2015), TGN for project financial reporting and auditing (2015), and TGN for preparation of cost estimates (2014). For all other issues not covered by these 3 TGNs, the publication "Financial Management and Analysis of Projects (2005)" should be referred. The consultants will:

- (i) prepare project costings. The consultant will: (a) prepare project cost estimates using specialized software; (b) identify the cash flow requirements; (c) prepare

- projections of future incremental costs and identify actions to ensure project's financial sustainability; (d) prepare appropriate fund flow mechanism, disbursement schedule including S-curve for projections of contract awards and disbursements; and standard cost estimates tables; and (e) provide costing and financial forecasting data for the economic analysis to support assessment of economic viability;
- (ii) complete a financial management assessment (FMA) of the executing agency and implementing agency in order to ensure that financial management capacity is adequate to implement the proposed Project. The expert will follow the guidance in ADB's draft FMA Guidelines and will: (a) use the modified Financial Management Assessment Questionnaire to collect the information needed to assess the strengths and weaknesses of financial management systems, controls, and financial reporting standards which will relate to financial management and control of Project funds; (b) assess staffing requirements; (c) identify risks arising from material deficiencies, and propose practical recommendations for improving financial management functions and/or staffing for financial operations needed to mitigate risks; and (d) provide relevant detailed information to enable completion of the financial management section of the Second Governance and Anticorruption Action Plan (GACAP II) Risk Assessment;
  - (iii) Carry out the financial analysis of the Project with FIRR and WACC computations and sensitivity analysis corresponding to critical variables; and
  - (iv) assist, as necessary, the team leader and other involved consultants to prepare project administration manual (PAM), and explain to the Borrower the financial management assessment, the basis and results of financial projections, and relevant proposed financial risk mitigation measures.

## **E. Economic Analysis**

13. The consultant will carry out economic due diligence of the subprojects and prepare the documents required for processing of the Project, and taking advance actions in accordance with ADB's guidelines. Specifically, the consultant will carry out the economic analysis consistent with ADB's *Guidelines for the Economic Analysis of Projects*, ADB's Operations Manual G1 including 10 Key Areas of Economic Analysis of Investment projects, recent retrospective reports on economic analysis, and relevant technical notes published by ADB's Economic Research Department. The consultants will:

- (i) undertake an economic evaluation of the Project components to estimate the economic benefits;
- (ii) prepare an economic analysis covering, among other things, demand analysis, least economic cost analysis, economic cost and benefit analysis, economic internal rates of return, average incremental economic costs, sensitivity analysis, risk analysis, benefit distributional analysis, poverty impact ratios, and assessment of subsidies. If subsidies are needed, provide their rationale and justification, in line with ADB's Criteria for Subsidies;
- (iii) review the socioeconomic development plan of Rajasthan, especially the project towns, describe the macroeconomic and sector context within which the ensuing Project will be implemented, and establish the rationale for public sector and ADB involvement;
- (iv) review the baseline surveys done in the past, provide inputs for design of the socioeconomic survey, collect the necessary data required for economic analysis, and prepare baseline data;

- (v) by reviewing the past audited financial statements and fiscal budgets; prepare 10-year financial projections of the executing agency and implementing agency and assess the affordability of proposed project components;
- (vi) review tariff and taxation policies, current tariff levels and structures, and collection mechanisms for the services; recommend suitable tariff structure and user charges; assess the pricing of services for the poor, willingness to pay, ability to pay of different user groups, and cost-sharing mechanisms; and
- (vii) conduct SWOT analysis which analyzes strengths, weaknesses, opportunities, and threats faced by the executing agency and implementing agencies.

## F. Environment

14. The consultant will carry out environmental safeguards due diligence of the subprojects and prepare the documents required for processing of the Project, and taking advance actions in accordance with ADB's guidelines. An environmental assessment and review framework (EARF) will be prepared for the Project to guide subproject selection, screening and categorization, environmental assessment, and preparation and implementation of safeguard plans of subprojects and to facilitate compliance with the requirements specified in ADB's *Safeguard Policy Statement* (2009). Initial environmental examination (IEE) will be prepared for representative components (or subprojects) in accordance with EARF, ADB SPS, 2009 and ADB's *Environment Safeguards: A Good Practice Sourcebook*.<sup>4</sup> The consultant will closely coordinate with the all members of the TRTA team to ensure the environmental soundness and sustainability of the Project, and to support the integration of environmental considerations into the Project decision-making process. He/she will also ensure quality and consistency of environmental safeguard documents for loan processing follow ADB's *Handbook of Style and Usage*.<sup>5</sup> The consultants will:

- (i) formulate environmental criteria for subproject selection, location and design<sup>6</sup> ensuring Project will not result to significant negative environmental impacts;
- (ii) prepare and finalize environmental safeguard documents (including but not limited to EARF, subproject rapid environmental assessment checklist, EIA,<sup>7</sup> IEE, and environmental audits of existing facilities);
- (iii) collect data on environmental conditions including an inventory of natural and artificial resources, and the links between them; and identify climatic, topographical, and ecological patterns that may affect or be affected by the proposed Project;
- (iv) conduct an environmental assessment for each proposed component to identify potential direct, indirect, cumulative, and induced impacts and risks to physical, biological, socioeconomic (including impacts on livelihood through environmental

<sup>4</sup> Can be downloaded from <https://www.adb.org/documents/environment-safeguards-good-practice-sourcebook>

<sup>5</sup> Can be downloaded from <https://www.adb.org/documents/handbook-style-and-usage>

<sup>6</sup> ADB SPS, 2009 requires borrower/client to apply pollution prevention and control technologies and practices consistent with international good practice, as reflected in internationally recognized standards such as the World Bank Group's Environment, Health and Safety Guidelines ([www.ifc.org/EHSGuidelines](http://www.ifc.org/EHSGuidelines)) during design, construction, and operation of the project. These standards contain performance levels and measures that are normally acceptable and applicable to projects. When Government of India regulations differ from these levels and measures, the borrower/client will achieve whichever is more stringent. If less stringent levels or measures are appropriate in view of specific project circumstances, the borrower/client will provide full and detailed justification for any proposed alternatives that are consistent with the requirements presented in ADB SPS, 2009.

<sup>7</sup> An EIA will be prepared if, during the environmental assessment process, it is determined that the Project will cause significant environmental impacts that will warrant its classification to environment category A.

- media, health and safety, vulnerable groups, and gender issues), and physical cultural resources in the context of the Project's area of influence;
- (v) carry out meaningful consultations with affected people and facilitate their informed participation regarding environmental aspects of the Project. During consultations, provide information to affected people regarding project components, potential environmental impacts during various project phases, and proposed mitigation measures. Ensure women's participation in consultation and involve stakeholders, including affected people and concerned non-government organizations, early in the environmental assessment process; and ensure that their concerns regarding the potential environmental impacts of the Project are addressed in the project design and mitigation measures;
  - (vi) assist the executing agency and implementing agencies in disclosing project-related information in form and manner understandable by stakeholders and affected people;
  - (vii) assist the executing agency and implementing agency in securing environmental clearance certificates for each project component as required by the Government, and prepare necessary information to comply with ADB and Government guidelines;
  - (viii) join necessary ADB missions to conduct due diligence (field visits) and finalize environmental documents;
  - (ix) ensure environmental considerations and indicative costs to implement environmental mitigation measures and monitoring programs are included in bid and contract documents;
  - (x) develop capacity building programs for environmental safeguards and ensure implementation costs are included in the Project cost;
  - (xi) conduct environmental safeguards orientation for the executing agency and implementing agencies ensuring clear understanding of requirements of ADB SPS, 2009, EARF and EIAs/ IEEs;
  - (xii) develop grievance redress mechanism including, but not limited to, identification of key members and assessment of capacity needs to address environmental safeguards-related complaints/grievances;
  - (xiii) recommend (a) measures to safeguard the environment before, during, and after implementation of the Project; (b) mitigation measures and the monitoring program, including cost implications and an institutional setup for undertaking the program; and (c) responsible agency for environmental monitoring during project implementation; and
  - (xiv) provide other advice and deliverables as required by ADB.

## **G. Social and Gender**

15. The consultant will carry out due diligence of the subprojects on social and gender issues and prepare the documents required for processing of the Project, and taking advance actions in accordance with ADB's guidelines. The consultant, together with the executing agency and implementing agency, will prepare gender and social inclusion action plan, and stakeholder consultation strategy for the Project in accordance with ADB's Guidelines. The consultants will:

- (i) conduct a socioeconomic survey, if required, or use the available secondary data; and prepare socioeconomic and poverty profiles of the Project towns to include population, income, occupation, education, and health conditions, to be disaggregated by income group, ethnic group, and gender, to serve as the baseline for poverty and social monitoring;



- (ii) review local government policies, strategies, and programs for poverty reduction and regional economic development; and conduct a public perception survey to identify public problems, satisfaction with the level of industries services, development priorities, and perceptions toward the government's administrative efficiency, quality of industries' services, and willingness to pay for the improved services;
- (iii) prepare a poverty and social analysis, using participatory methods in accordance with the draft ADB Handbook for Poverty and Social Analysis and ADB's Guidelines for Incorporation of Social Dimensions in Bank Operations to assess the type and significance of the Project impacts on the poor, and other vulnerable groups; and prepare relevant plans as per ADB's Safeguards Policy Statement (2009) and in close consultation with the relevant agencies;
- (iv) prepare a poverty reduction and social strategy, as per ADB Guidelines, which includes special enhancement and necessary mitigation measures with target beneficiary groups, implementation arrangements, estimated budget, and monitoring indicators based on the poverty and social analysis;
- (v) prepare a gender equality and social inclusion action plan to mainstream gender and to ensure adequate women's representation and participation in decision-making processes, collect sex-disaggregated data for possible gender targets used in the Project, and develop gender targets in the design and monitoring framework;
- (vi) prepare a stakeholders consultation strategy for the Project and propose mechanism and resources to implement such strategy in the Project; and
- (vii) carry out stakeholder consultations and prepare a report summarizing the consultations held with stakeholders.

## **H. Social Safeguard (Involuntary Resettlement and Indigenous Peoples)**

16. The consultant will carry out social safeguards due diligence of the subprojects and prepare the documents required for processing of the Project, and taking advance actions in accordance with ADB's guidelines. A resettlement framework and indigenous people's planning framework (IPPF) will be prepared for the Project to guide subproject selection, screening and categorization, social safeguards assessment, and preparation and implementation of safeguard plans of subprojects and to facilitate compliance with the requirements specified in ADB, SPS 2009. Resettlement plan or due diligence report (DDR) will be prepared for representative components (or subprojects) in accordance with resettlement framework, ADB SPS, 2009 and ADB's Involuntary Resettlement Safeguards: A Planning and Implementation Good Practice Sourcebook.<sup>8</sup> Indigenous Peoples Plan (IPP), if required, will be prepared in accordance with the IPPF, ADB SPS and ADB's Indigenous Peoples Safeguards: A Planning and Implementation Good Practice Sourcebook.<sup>9</sup> The consultant will closely coordinate with the all members of the TRTA team to ensure the integration of social safeguards considerations into the Project decision-making process. He/ she will also ensure quality and consistency of social safeguards documents for loan processing follow ADB's Handbook of Style and Usage.<sup>10</sup> The consultants will:

<sup>8</sup> Can be downloaded from <https://www.adb.org/documents/involuntary-resettlement-safeguards-planning-and-implementation-good-practice-sourcebook-d>

<sup>9</sup> Can be downloaded from <https://www.adb.org/documents/indigenous-peoples-safeguards-planning-and-implementation-good-practice-sourcebook>

<sup>10</sup> Can be downloaded from <https://www.adb.org/documents/handbook-style-and-usage>

- (i) assess national, state and local laws, rules, and other decisions on land acquisition and resettlement; present comparison and gap analysis; and provide measures to address gaps, if any;
- (ii) conduct consultations with project affected households;
- (iii) carry out census of potentially affected households and inventory of their assets;
- (iv) record impacts on government, private, and communal structures and facilities;
- (v) carry out sample socioeconomic survey of affected households;
- (vi) undertake replacement cost survey;
- (vii) conduct workshops to present draft and final resettlement framework, IPPF (if needed), resettlement plan, DDRs, and IPP (if needed) to executing agency, implementing agencies, local authorities and affected households;
- (viii) determine whether ethnic groups in the area qualify as "indigenous peoples" following characteristics described in ADB SPS, if indigenous peoples will be physically displaced, impacts, if any, are principally resettlement in nature and based on the assessment, prepare IPP;
- (ix) review and assess the capacity of the responsible institutions to plan, update, and implement the social safeguard documents (resettlement framework, IPPF, resettlement plan, DDR, and IPP);
- (x) recommend an institutional strengthening strategy, and/or formation and training of a resettlement unit within the executing agency and implementing agency, if required;
- (xi) carry out meaningful consultations with affected people and facilitate their informed participation regarding social aspects of the Project;
- (xii) assist the executing agency and implementing agencies in disclosing project-related information in form and manner understandable by stakeholders and affected people;
- (xiii) join necessary ADB missions to conduct due diligence (field visits) and finalize social safeguards documents;
- (xiv) ensure social safeguards considerations and indicative costs are included in the over-all Project cost;
- (xv) conduct social safeguards orientation for the executing agency and implementing agencies ensuring clear understanding of requirements of ADB SPS, 2009, resettlement framework, IPPF (if needed), resettlement plan, DDR and IPP (if needed);
- (xvi) in coordination with the Environment Safeguards Consultant, develop grievance redress mechanism including, but not limited to, identification of key members and assessment of capacity needs to address environmental safeguards-related complaints/ grievances; and
- (xvii) provide other advice and deliverables as required by ADB.

## **I. Institutional Analysis and Capacity Strengthening**

17. The consultant will review the existing institutional framework for water and wastewater services in Rajasthan, assess the institutional capacity of the executing agency and the municipal bodies to undertake the roles that they have been assigned under the Project, prepare project implementation arrangements and capacity strengthening programs. The consultant will:

- (i) identify key stakeholders, local administration structures, and relationships among key urban institutions and urban local bodies along with policies, regulations, strategies, and programs;

- (ii) identify policy, institutional, financial, and human resource bottlenecks that constrain effective planning, development, and management of various institutions;
- (iii) review the past and ongoing capacity building initiatives under the RUIDP-I, II and III, and identify the key lessons learned and how these could be incorporated in the RUIDP-IV;
- (iv) assess the managerial, technical, and administrative capacity of the executing agency, implementing agency, municipalities and other relevant agencies regarding operational sustainability of the assets created under the Project; and suggest remedial action plan to build capacity of these institutions to ensure operational sustainability;
- (v) review existing training programs including the performance of the newly established State Urban Training Institute; identify gaps and needs for managerial, technical, and administrative training; and provide suggestions to improve governance and management, and to strengthen capacity for wastewater service provision and effective sector regulation;
- (vi) prepare an institutional analysis addressing all of the above issues, and provide recommendations for institutional and policy reforms; and
- (vii) design and prepare capacity strengthening programs for the executing agency, implementing agency, and other relevant agencies to strengthen their capacity to efficiently implement, operate, and maintain the facilities and techniques to be introduced under the Project; and to ensure the sustainability of project benefits.

#### **J. Stakeholders Consultations Strategy and Public Education Plan**

18. The consultant will carry out stakeholders' consultations during the project preparation phase in coordination with the respective implementing agencies. Participants will include affected households, beneficiaries of subprojects, elected representatives, media, government employees, and other stakeholders. Sufficient number of town-level and state-level workshops and meetings with relevant stakeholders will be conducted to discuss the proposed subprojects. A report will be prepared for detailing out the findings of the consultations, meetings, and workshops. The feedback received from the consultations, meetings and workshops will be incorporated in project design. In addition, consultations held during the socio-economic surveys of households in sample subproject areas and census surveys of affected persons will be considered as appropriate. The consultant will prepare a Stakeholder Consultation Strategy and Public Education Plan to be implemented during the Project implementation. The consultants will:

- (i) carry out stakeholder identification and mapping, and consultations with the community through baseline survey and other means;
- (ii) develop key messages to be delivered to the stakeholders;
- (iii) design information, education and communication (IEC) program;
- (iv) develop programs for outreach to various stakeholders such as government staff, elected representatives, media, students, contractors and workers;
- (v) develop programs for outreach to students and workers in the urban sector, especially women;
- (vi) design systems to get feedback and influence the implementation through mid-course corrections;
- (vii) prepare a community participation strategy and plan for the Project;
- (viii) and carry out the plans and prepare report summarizing the consultations held with stakeholders; prepare community participation strategy and plan for the Project

and identify resources and mechanisms to implement such strategy during the Project.

#### **K. Private Sector Participation**

19. The consultants will:

- (i) review the Government initiatives in engaging private sector for provision of water and wastewater services;
- (ii) assess the opportunities and constraints to private sector participation in water and wastewater sector development, and the current and potential modalities for their involvement; and identify the areas for improving the regulatory and institutional framework; and
- (iii) determine advantages and risks of alternatives for private sector participation in project financing and operation, and recommend suitable option for private sector participation with risk allocation measures to attract private investments.

#### **L. Project Performance Monitoring System**

20. The consultant will undertake a structured problem analysis, prepare a problem tree, and derive a design and monitoring framework in consultation with the government agencies and concerned project stakeholders. The framework will aim to facilitate (i) conceptualization of the proposed project design; (ii) monitoring of the Project implementation; and (iii) evaluation of Project benefits and impacts, emphasizing enhanced participation of beneficiaries and stakeholders. The consultants will develop a project performance monitoring system that includes the content and format of the progress reports, and ensures that the beneficiaries also undertake their own monitoring and evaluation.

#### **M. Reporting**

21. The consultants will submit the following reports: (i) an inception report within 3 weeks of TA start; (ii) an interim report within 2 months of TA start; (iii) various specific reports as required for project processing based on ADB procedures; (iv) a draft final report, IEE, EARF, and resettlement plan and resettlement framework, and draft PAM within 4 months of TA start; and (v) a final report, 4 weeks after receiving comments on the draft final report from the Government and ADB.

22. Reports should address all aspects of this TOR to the level of detail appropriate for the given stage of the TA and include a revised project design and monitoring framework. The consultants shall present key findings in workshops participated by all stakeholders, which will be organized at the inception, interim report stage, and the draft final report.

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	Rajasthan Secondary Towns Development Investment Program (RSTDIP) <sup>a</sup>
Lending/Financing Modality:	Multitranchise Financing Facility (MFF)	Department/ Division:	South Asia Regional Development/ Urban Development and Water Division

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

#### A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The Government of India's Twelfth Five-Year Plan, 2012–2017 called for an inclusive approach to development to improve infrastructure and reduce poverty in India's cities and towns and laid out the strategy to achieve growth that is faster, more inclusive and sustainable. The country partnership strategy, 2013–2017 of the Asian Development Bank (ADB) for India is closely aligned with the plan, and aims to improve infrastructure and provide increased access to water supply and sanitation in underserved and weak capacity areas, including Rajasthan. The Rajasthan Secondary Towns Development Investment Program (RSTDIP) envisages to cover 37 secondary towns,<sup>a</sup> which are not covered under any Government of India or Government of Rajasthan (GOR) schemes, and have poor services and lack basic infrastructure. The RSTDIP links to governments' and ADB's poverty reduction strategies as it aims to provide improved water supply, sewerage or fecal sludge management and drainage services to underserved populations and socially excluded communities, e.g., women, scheduled castes and other lower castes.

#### B. Poverty Targeting

☐ General Intervention ☐ Individual or Household (TI-H) ☐ Geographic (TI-G) ☒ Non-Income MDGs (TI-M1, M2, etc.)

The investment program is in line with the GOR's focus of implementing multisector urban investment projects since 2000 which were designed to achieve the Millennium Development Goals (MGDs), with special emphasis to achieve Goal 7, Target 10 of reducing by half the proportion of people without sustainable access to safe drinking water and sanitation. This is in line with the Sustainable Development Goal (SDG) 6, Target 6.1 (achieve universal and equitable access to safe and affordable drinking water for all by 2030) and 6.2 (achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations by 2030) and SDG 11, which aims to make cities inclusive, safe, resilient and sustainable. The investment program also covers 10 towns, that are of heritage and tourism importance, to provide basic urban services. Tourism is a major source of revenue and employment generation, at all levels, in Rajasthan.

#### C. Poverty and Social Analysis

##### 1. Key issues and potential beneficiaries.

Rajasthan is the country's largest state in terms of area and 8th largest in terms of population. The human development index of the state is 0.434 against India's average of 0.467.<sup>b</sup> As per recent estimates of the Planning Commission, urban poverty in Rajasthan is estimated at 10.69%, lower than the national average of 13.70%.<sup>c</sup> While Rajasthan's poverty figures are low, significant regional disparities persist. The urban population of Rajasthan is 13.2 million with urbanization ratio of 23%. It is estimated that 57% of the urban population is concentrated in 20 towns with a population of more than 100,000.<sup>d</sup> The GOR has successfully implemented two multisector urban investment projects covering six major and 15 secondary cities improving the quality of life for the residents. The service delivery in the remaining cities and towns of the state remains poor due to several reasons as described in the Problem Tree. Currently, the program towns do not have any comprehensive sewerage system and most residents rely on individual septic tanks or open defecation, which is quite prevalent. The potential beneficiaries will include about 2.5 million residents (as per 2011 census), including the slums and poor communities, who will be benefitted by the 24x7 safe and pressurized water supply to every household. The individual sewer connection will improve the sanitation facilities and reduce the health risks to the community. The tourism activities will benefit the small artisans, vendors, shops, and general public, as the needs of the tourists will be mainly taken care of by the small informal businesses run by local women and poor communities.

##### 2. Impact channels and expected systemic changes.

The RSTDIP will improve urban service delivery in Jaipur and secondary towns of Rajasthan. The components will include expansion of distribution network to achieve 100% coverage with 24x7 water supply, metered individual household connections, and water treatment facilities. Three impact channels are identified: (i) installing metered connections will significantly reduce the cost of water, as the households will not be forced to pay higher rates to private vendors; (ii) provision of 24x7 piped water will reduce water collection time of residents, especially women and children, who used to wait in long queues or walk long distances to fetch water; and (iii) safe drinking water will improve health of children and provide them more time and opportunities for education and other gainful activities. The poor will have access to better and more affordable water supply services which will generate extra incomes and allow additional time to be invested for productive and income-generating activities. The improvement of wastewater or fecal sludge systems will include 100% coverage, and reuse of the treated sewage

or fecal sludge. The impact channels identified are: (i) every household is connected to the sewer network or provided with a fecal sludge management service, which improves sanitation in every household, (ii) health benefits to the children and poor communities will be substantial as the poor communities will reduce their medical costs and loss of employment, (iii) reuse of treated wastewater or fecal sludge will benefit the community and the environment. The improved water supply, wastewater, fecal sludge, and drainage infrastructure will boost the tourism and income opportunities for the people.

3. Focus of (and resources allocated in) the PPTA or due diligence.

Adequate resources have been provided in the project preparatory technical assistance (PPTA) to carry out social and poverty analysis. Special efforts will be made in the project design to make the approach pro-poor; socially inclusive through consultation with and the participation of major stakeholders; and to incorporate activities, opportunities, and strategies in the project design that are pro-poor, benefit women and children, and address their concerns.

4. Specific analysis for policy-based lending. Not Applicable

## II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/ subsector that are likely to be relevant to this project or program?

The baseline survey indicates that the burden of water collection, household cleaning, solid waste disposal, and health care in poor households falls disproportionately on women and children, especially girls. The average time spent by a woman in such activities in program towns is about 3 hours per day, which is a loss of productive time and represents a high opportunity cost for women. Poor hygienic conditions due to lack of adequate management of wastewater or fecal sludge increase the risk of water-borne diseases. Caring for sick children adds to the already heavy workload of women and girls. Therefore, improved water supply and management of wastewater or fecal sludge will benefit women and girls, which will have more time for education, productive activities or leisure.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making? ☒ Yes ☐ No Please explain.

Expansion of the piped water supply and sewerage network will benefit women by reducing their burden to fetch water and maintain sanitation for the family. Women will be able to participate in the decisions related to water supply in the community-based organizations. The Gender Equality and Social Inclusion (GESI) action plan will focus on training and capacity building, and gender-responsive urban management and service delivery. Women will have an equal opportunity to participate in project-supported training programs, recruitment, and employment in construction. Core labor standards, including equal wages for women and men for work of equal value, will be enforced.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

☐ Yes ☒ No Please explain

4. Indicate the intended gender mainstreaming category:

☐ GEN (gender equity) ☒ EGM (effective gender mainstreaming)  
☐ SGE (some gender elements) ☐ NGE (no gender elements)

## III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

The investment program will prepare a consultation and participation plan focusing on (i) identification of stakeholders and target groups, and baseline surveys; (ii) key message selection and use of information, education, and communication programs; and (iii) outreach to communities, schools, slums, and workers through various media and consultation activities for sharing information and obtaining feedback to refine the investment program design and implementation, as appropriate. The GESI action plan will ensure the participation of women and socially excluded groups in the investment program. Key stakeholders include the executing and implementing agencies of the GOR, nongovernment organizations, community-based organizations, and the local residents including the poor, women, children, students, media, and the local political and public representatives.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?

Non-governmental organizations will be engaged to facilitate the participation of the poor and women, especially in low income communities, and undertake awareness program on various socially relevant issues such as legal connections, proper water use and water conservation, benefits of sewerage connections, potential capacity building and business opportunities, etc.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

☒ Information generation and sharing (H) ☒ Consultation (H) ☒ Collaboration (M) ☒ Partnership (L)

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? ☒ Yes ☐ No  
Inclusion of the socially excluded and poor is important for two reasons: provide access to women and the poor to affordable urban services, and skill development for better job opportunities. The consultation and participation plan will be effectively designed and implemented to ensure widespread and meaningful participation.

#### IV. SOCIAL SAFEGUARDS

##### A. Involuntary Resettlement Category ☐ A ☒ B ☐ C ☐ FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? ☐ Yes ☒ No

The project will not require any private land acquisition. All project components will be located in the existing facilities or government-owned right of way. The envisaged resettlement impact is temporary loss of income to vendors, shopkeepers, and business owners due to the road closures during civil works. These initial assessments will be verified during project preparation.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process? ☒ Resettlement plan ☒ Resettlement framework ☐ Social impact matrix  
☐ Environmental and social management system arrangement ☐ None

##### B. Indigenous Peoples Category ☐ A ☐ B ☒ C ☐ FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? ☐ Yes ☒ No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? ☐ Yes ☒ No

The project activities will be conducted in various towns in Rajasthan and no Indigenous Peoples groups, as defined by SPS, 2009, live in the project areas to be affected by the project activities.

3. Will the project require broad community support of affected indigenous communities? ☐ Yes ☒ No

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

☐ Indigenous peoples plan ☐ Indigenous peoples planning framework ☐ Social Impact matrix  
☐ Environmental and social management system arrangement ☒ None

#### V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

☐ Creating decent jobs and employment ☒ (M) Adhering to core labor standards ☐ Labor retrenchment  
☐ Spread of communicable diseases, including HIV/AIDS ☐ Increase in human trafficking ☒ (M) Affordability  
☐ Increase in unplanned migration ☐ Increase in vulnerability to natural disasters ☐ Creating political instability  
☐ Creating internal social conflicts ☐ Others, please specify \_\_\_\_\_

2. How are these additional social issues and risks going to be addressed in the project design?

Employment opportunities, especially for unskilled labor, will be provided along with opportunities for skills enhancement, especially for women workers. The project will ensure compliance with the core labor standards. A pro-poor approach for affordable connections and water tariffs will be developed to facilitate access to the poor.

#### VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified? ☒ Yes ☐ No

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence?

Program preparatory experts—including a social safeguards expert, an environment expert, and a social and gender expert—will be mobilized to carry out due diligence. The team will ensure that due diligence is carried out in accordance with ADB procedures. Adequate resources have been provided to conduct surveys, consultations, and workshops.

<sup>a</sup> Project towns: 25 towns with population 50,000–100,000; 2 district headquarters; and 10 heritage towns with population less than 50,000.

<sup>b</sup> United Nations Development Program. 2011. *Human Development Index*. New Delhi.

<sup>c</sup> Planning Commission. Government of India. July 2013. *Press Note on Poverty Estimate, 2011-2012*. New Delhi.

<sup>d</sup> World Bank. 2012. *India: Improving Urban Water Supply & Sanitation, Lessons from Business Loans for Maharashtra, Rajasthan, Haryana and International Good Practices*. New Delhi.

Source: Asian Development Bank.

**COMPARISON OF FINANCING MODALITIES**  
**INDIA: RAJASTHAN SECONDARY TOWNS DEVELOPMENT INVESTMENT PROGRAM**

Issues	Comparison		Remarks
	MFF	Project Loan	
1. <b>Repeated Interventions.</b> An urban sector investment program funded by a \$500 million MFF to provide improved urban services in several secondary towns in Rajasthan. Each subproject under Project 1 and 2 under the MFF repeats interventions of similar nature in different geographic locations.	There is no significant governance, security and/or political concerns in Rajasthan and the related entities. Therefore, there is merit in seeking one time approval for the MFF. It also facilitates preparation and implementation of long-term roadmaps for the urban sector and supports coordinated investments in a phased manner.	Less suitable for multi-sector, multi-agency and multi-towns investments for improving urban services in a sustained manner.  Risks of delays and impact on sector objectives high.	MFF: <ul style="list-style-type: none"> <li>• supports well prepared projects on a priority basis;</li> <li>• enables adequate preparation time for complex activities in subsequent tranches;</li> <li>• incorporates lessons from implementation of first tranche investment;</li> <li>• enables improvising policy measures based on need/demand; and</li> <li>• addresses O&amp;M issues during the program implementation period.</li> </ul>
2. <b>Use of Framework Financing Agreement.</b> The policy framework has identified the need of infrastructure investments along with policy and regulatory reforms and institutional strengthening. The reforms need to be implemented gradually in parallel to the progress of physical interventions.	MFF provides a platform for continuous policy dialogue to address multiple objectives and long-term reforms. Undertakings in the framework financing agreement allow ADB and the government to set out and agree the key milestones which aim at the long-term regulatory changes which cannot be achieved under a 5-year stand-alone project.	A standalone project requires upfront full commitment and definition of all details; difficult to conduct policy dialogue on major reforms during implementation.	MFF: <ul style="list-style-type: none"> <li>• facilitates policy dialogue for building capacity and improving urban services;</li> <li>• supports establishing institutions for urban development in line with national priorities;</li> <li>• helps development of model projects by creating a shelf of projects;</li> <li>• supports skill development in consultation with industry; and</li> <li>• provides impetus to long-term land management for infrastructure, industrial</li> </ul>



Issues	Comparison		Remarks
	MFF	Project Loan	
			development and economic management.
3. <b>Consistent approach in longer term.</b> The investment program provides longer term macroscopic plans on physical and nonphysical interventions. Such macroscopic plans necessitate use of the same project entities, project management consultants, and design and supervision consultant to ensure a consistent approach.	Helps in continuously reviewing the road map and long term engagement in the state and the sector. The MFF approach makes it easier to justify the use of same entity and consultants beyond typical 5-year stand-alone project period.	Support short term policy interventions.	The RSTDIP will continue ADB's long-term strategic engagement with the state in a consistent manner.
4. <b>Project readiness</b>	Ensures high readiness in terms of preparation of DPRs, bidding documents, policy reforms and advance actions for procurement and implementation, especially for the subsequent tranches.	Limited operational flexibility	Critical in multi-sector and multi-towns projects wherein close coordination of the project components with other investments and development efforts is required.
5. <b>Capacity development of executing and implementing agencies</b>	A phased approach would enable building capacities for managing integrated urban infrastructure and economic activities, and in institutionalizing key lessons/ management arrangements.	Supports capacity development but limits to short term objectives.	Operationally flexible implementation support through capacity building of agencies (secondary towns municipalities).
6. <b>Resources and costs</b>	Reduces transaction costs as phasing will enable proper planning, implementation and scheduling of investments in tranches.	Implementation delays would enhance commitment charges.	Tranching based on readiness, and progress on contract awards, disbursements and absorption capacities.

ADB = Asian Development Bank, DPRs = detailed project reports, MFF = multitranche financing facility, O&M = operation and maintenance, and RSTDIP = Rajasthan Secondary Towns Development Investment Program.