

ASIAN DEVELOPMENT BANK

TAR: IND 37127

TECHNICAL ASSISTANCE
(Financed by the Japan Special Fund)

TO

INDIA

FOR

CAPACITY BUILDING FOR

KERALA SUSTAINABLE URBAN DEVELOPMENT

December 2004

CURRENCY EQUIVALENTS

(as of 13 December 2004)

Currency Unit	–	Indian rupee/s (Re/Rs)
Re1.00	=	\$0.0224
\$1.00	=	Rs44.55

ABBREVIATIONS

ADB	–	Asian Development Bank
GoK	–	Government of Kerala
KSUDF	–	Kerala sustainable urban development fund
KUIC	–	Kerala urban infrastructure company
LSG	–	local self government
LSGUD	–	Local Self-Government Urban Department
MPIU	–	municipal project implementation unit
PMO	–	project management office
TA	–	technical assistance
TOR	–	terms of reference

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sector	–	Water supply, sanitation, and waste management
Subsector	–	Integrated urban development
Themes	–	Sustainable economic growth
Subthemes	–	Developing urban areas

NOTES

- (i) The fiscal year of the Government and its agencies ends on 30 June.
- (ii) In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. In its 2005 country program for India, the Asian Development Bank (ADB) has included a loan for the Kerala Sustainable Urban Development Project. The project preparatory technical assistance (TA)¹ for the Project was approved on 9 May 2003, and the consultants were fielded on 2 February 2004. During the August 2004 Review Mission for the project preparatory TA, the Government of Kerala (GoK) requested that ADB provide additional TA to help (i) strengthen institutional capabilities of the state and municipal governments to efficiently manage activities under the proposed ADB loan, and (ii) undertake preparatory works to establish the proposed Kerala sustainable urban development fund (KSUDF) and its fund management company, Kerala urban infrastructure company (KUIC). A follow-up mission visited Trivandrum from 19–21 October 2004 to discuss the objectives and scope of the TA and reached an understanding with GoK on the consultants' terms of reference and the implementation arrangements.² The TA framework is in Appendix 1.

II. ISSUES

2. Kerala, relatively a small state with 32 million inhabitants, has the third highest population density (819 people per square kilometer) in India, after West Bengal and Bihar. Officially, Kerala's urban population is less than 30% of the total population. However, the high population density and dispersed settlement pattern have resulted in remarkable similarities between urban and rural areas. In fact, the Kerala landscape is characterized by a rural-urban continuum. Kerala has the best social indicators in India, including high literacy rate (91%), longer life expectancy (73 years), and low infant mortality (11 infants per 1,000 live births).³ Despite the state's outstanding social accomplishments, Kerala's prospects for prosperity are threatened by growing fiscal deficits and inadequate funding for new infrastructure development. This impact accessibility to and affordability of basic urban services such as water supply, sanitation, primary health care, shelter, and social protection.

3. Since the 1990s, Kerala has implemented massive decentralization of both administrative and fiscal powers to local self governments (LSGs), making them responsible for the provision, and operation and maintenance of civic services. However, most LSGs are not yet equipped to cope with the increased responsibilities; their administrative capacity is inadequate and finances poor. In addition, as the provision of civic services has been traditionally considered as social goods, the public is often unwilling to pay for services provided. The result is continuous deterioration of service quality and a huge backlog of new investments. The poor urban infrastructure has become a barrier to attracting new investments for income generation despite the abundant high-quality labor available in the urban centers. The main challenge is to break this vicious circle by introducing new initiatives for sustainable urban development. ADB's project preparatory TA identified the availability of new financing sources as the key success factor for breaking the vicious cycle hampering urban development.

4. The state has been providing the LSGs with plan and nonplan grants for their capital investment needs and part of operation and maintenance needs. However, the unsatisfactory situation of the state's finances is a concern and is bound to affect LSG finances. They are highly dependent on the state. The Economic Review 2003 of Kerala State Planning Board highlights that GoK's fiscal deficit remains high at 5.5% of gross state domestic product. The

¹ ADB. 2003. *Technical Assistance to India for Preparing the Kerala Sustainable Urban Development Project*. Manila.

² The TA first appeared in the *ADB Business Opportunities* (Internet edition) on 24 January 2003.

³ Economic Review. 2003. *State Planning Board*. Thiruvananthapuram.

large revenue and fiscal deficits year after year, and the burgeoning debt burden provide little hope for any increase in urban investments from budgetary sources in the future. On the other hand, LSGs have to go a long way to improve their financial and managerial performance before making themselves attractive to bank borrowing or capital market issues. The private sector has so far shown only limited interest in Kerala, even though the policy environment has improved somewhat.

5. Under the circumstances, the LSGs need to look at nontraditional methods of raising financial resources, while improving financial management and urban governance. The loan Project will make additional financing available to the urban sector through a specialized financial intermediary, namely, the KSUDF and its fund management company. At the same time, economic and financial discipline will have to be introduced in the municipal sector as the borrowers of the KSUDF are expected to service their debt out of the economic benefits directly or indirectly generated by the investments funded by such financial assistance. The KSUDF will also help local governments strengthen creditworthiness by introducing double entry accounting, improved budgeting and auditing, and disclosure standards. As seen in other states in India, such improvements, especially credible and transparent financial information and reliable credit tracks, would enable the LSGs to access the markets for loans on attractive terms. In the medium to long term, the proposed KSUDF can help LSGs mobilize additional resources for their investment programs on the strength of their own financial performance.

6. In the past, the performance of ADB-assisted urban projects in India was hampered by weak capacity of state and municipal governments to implement the new initiatives. ADB's own review found that up-front capacity building is essential to achieve the physical and institutional targets of urban projects. While ADB's standard practice is to provide capacity-building assistance only after approval of a loan project, the lessons learned clearly indicate the need to strengthen the management and institutional capabilities of the state and local governments prior to loan effectiveness, particularly for those that are new to ADB-assisted urban projects. In the case of Kerala, the need for up-front capacity building is even more critical as the state has no previous experience managing a large-scale urban infrastructure project in which financial resources are intermediated by a specialized financial institution. A timely setup of the KSUDF and its fund management company is therefore essential to the success of the proposed Project. In addition, a large number of state and municipal staff need intensive training to understand activities under the Project and the requirements for successful project implementation. Advance actions are required for recruiting consultants and procurement to avoid any delay in implementation. The elected representatives need to be trained for their role in achieving sustainable urban development, while local stakeholder participation in the early stage of project identification and development will have to be strengthened.

7. To ensure the success of the up-front capacity building, the state and municipal governments must put in place dedicated counterpart staff for project implementation. This is crucial, even if personnel changes follow, as some of the experience and learning will be retained and shared within the state. The state agreed to strengthen the project management office (PMO) to undertake preparatory activities for project management and institutional reform.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

8. The TA will assist the state and municipal governments in Kerala to efficiently manage, coordinate, and monitor the urban infrastructure and governance improvement initiatives under

the proposed ADB Project. In view of the lessons learned from other ADB-assisted urban projects in India, particular emphasis will be given to up-front capacity building of the Project's executing and implementing agencies in the following key areas: (i) develop an efficient project management system within the Local Self-Government Urban Department (LSGUD) to monitor and supervise all activities under the Project; (ii) train key project stakeholders on implementation arrangements, ADB policies and procedures, and urban sector issues in Kerala; (iii) provide public consultations and a participation program to involve project beneficiaries in subproject identification and development; and (iv) operationalize the KSUDF and KUIC.

B. Methodology and Key Activities

9. **Project Management System.** Under the TA, a modern financial management and information system will be set up for the PMO, project cities,⁴ and KUIC for effective monitoring of project activities and funds flow. The financial management system will comprise staffing, internal control, funds flow monitoring, accounting and reporting, budgeting and control, as well as auditing of the project accounts. A procurement management system will be developed in line with ADB's guidelines and policies.

10. **Stakeholder Training.** All project stakeholders, including state officials, municipal government staff, and elected representatives, will be informed about project activities, and trained in key areas:

- (i) urban development in Kerala—infrastructure needs and constraints;
- (ii) role of LSGs and the state in urban development;
- (iii) data needs for project identification and development;
- (iv) management information system for project implementation;
- (v) ADB's safeguard policies for environmental protection, involuntary resettlement, and indigenous people;
- (vi) ADB's policies and procedures for procurement and disbursement;
- (vii) ADB's policies and procedures for recruitment of consultants;
- (viii) project monitoring and evaluation;
- (ix) repayment and financial management;
- (x) community participation; and
- (xi) gender and development.

11. Opportunities will be also provided for the stakeholders to learn from the experiences of other states through study visits, inviting resources persons, and sharing lessons learned at common forums.

12. **Public Awareness and Participation.** To involve the beneficiaries in project implementation through a participatory approach and cooperation, the TA will design and implement a public awareness program. The beneficiaries will be provided with information on the Project and social and environmental issues. The public awareness program will help the beneficiaries (i) understand the long-term benefits and short-term inconveniences of the Project; (ii) learn about the KSUDF and how to access funds from it; and (iii) identify potential projects and develop proposals for submission to the KUIC.

13. **Operationalization of the KSUDF and KUIC.** Under the project preparatory TA, a full business plan was developed for establishing the KSUDF and KUIC. Based on the plan, the

⁴ Kochi, Kollam, Kozhikode, Thrissur, and Thiruvananthapuram.

KSUDF and its management company will be set up and operational before effectiveness of the ADB loan, estimated at around end-2005. Operationalization of the proposed KSUDF and KUIC requires the following preparations to be supported under the TA:

- (i) **Transitional analysis of the Kerala Urban Development Finance Company.** The company is expected to be integrated with the new KSUDF. Based on the transition analysis carried out under the project preparatory TA, the TA will assess the assets and liabilities of the KSUDF and recommend an orderly absorption by the KSUDF.
- (ii) **Comprehensive needs assessment for municipal services.** The financing from KSUDF will initially target all municipalities in the state, to meet their current and backlog investment requirements for basic urban services. For this, the investment and borrowing capacity of all municipalities need to be thoroughly assessed; this is a critical input to the future business plan of the KSUDF. The TA will undertake comprehensive needs assessment for all municipalities.
- (iii) **Implementation of the business and operational plan for the KUIC.** The state will be assisted by consultants in implementing the business plan developed under the project preparatory TA and building adequate capacity for project development, appraisal, and management. An internal accounting and information system will be developed as well as detailed operational manuals.

C. Cost and Financing

14. The total cost of the TA is estimated at \$629,000 equivalent, comprising a foreign exchange cost of \$80,000 and local currency cost of \$549,000 equivalent. ADB will provide \$500,000 equivalent to finance the entire foreign exchange cost and \$420,000 equivalent in local currency costs. The TA will be financed on a grant basis by the Japan Special Fund, funded by the Government of Japan. The Government will contribute the remaining local currency cost of \$129,000 equivalent for office accommodation, counterpart staff support, field transport, facilities for seminars and meetings, and other administrative expenses. The Government will also provide all information required for the TA activities. Details of the cost estimate and financing plan are in Appendix 2.

D. Implementation Arrangements

15. LSGUD will be Executing Agency for the TA, through the PMO established during implementation of the project preparatory TA. A full-time project director has been appointed to head the PMO with full powers to make decisions regarding day-to-day management of TA activities. The project director will be also responsible for overall coordination with ADB. A steering committee was formed during the implementation of the project preparatory TA, comprising the chief secretary (as chairperson), principal secretary for finance, secretary for LSGUD, planning secretary, secretary for Modernizing Government Program, and secretary for Public Works Department, and project director (as member secretary). A working-level coordination committee has been formed to guide the project director on interdepartmental issues. While the project director will report to the LSGUD secretary, sufficient powers will be delegated to the project director for daily management of TA activities; policy decisions will be made by the steering committee. The PMO will provide full administrative and technical support to the consultants and coordinate all TA activities with the project municipalities. LSGUD will provide adequate office space for the consultants with sufficient communication means.

16. The TA will be implemented over 12 months from January 2005 to December 2005. The consulting services for the TA will total 34 person-months (2 international and 32 domestic), excluding the inputs of local institutions to assist public participation and training for stakeholders. All consultants will be engaged on an individual basis by ADB, in accordance with ADB's *Guidelines on the Use of Consultants*, and other arrangements satisfactory to ADB for engaging domestic consultants. The expertise required for consulting services is as follows: TA coordinator and institutional development specialist (domestic, 8 person-months), procurement specialist (domestic, 3 person-months), financial management and accounting specialist (domestic, 4 person-months), structured finance specialist (domestic, 3 person-months), and institutional finance and legal adviser (domestic, 3 person-months), urban management specialist (domestic, 4 person-months), municipal engineers (domestic, 5 person-months), community development specialist (domestic, 2 person-months), and urban development specialist (international, 2 person-months). The outline terms of reference for the consultants are in Appendix 3.

17. The consultants' reporting requirements will include (i) an inception report within 3 weeks of TA commencement, (ii) monthly progress reports at the end of each month during implementation, and (iii) a final report summarizing the achievements of the TA. In the course of TA implementation, the consultants will organize training programs and workshops in Trivandrum and other project municipalities.

IV. THE PRESIDENT'S DECISION

18. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$500,000 on a grant basis to the Government of India for Capacity Building for Kerala Sustainable Urban Development, and hereby reports this action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators and Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal</p> <p>Successful implementation of the Kerala Sustainable Urban Development Project</p>	<p>For the Project to maintain a satisfactory or highly satisfactory rating in the project performance report for both implementation progress and the achievement of development objectives during its implementation</p>	<p>Asian Development Bank (ADB) loan review missions</p> <p>Project performance reports</p> <p>Project completion report</p>	
<p>Purpose</p> <p>Enhance capability of the project management office (PMO), Kerala urban infrastructure company (KUIC), and project implementing units to implement the Project as planned.</p>	<p>Start-up delays eliminated in project implementation caused by poor institutional and managerial capacities of the state and municipal governments</p>	<p>ADB's loan review missions</p> <p>Project performance reports</p> <p>Project completion report</p>	<p>Assumption</p> <p>A strong sense of ownership by the state and municipal governments</p>
<p>Components/Outputs</p> <p>1. Development of an adequate project management system within the PMO, project cities, and KUIC</p> <p>2. Stakeholder training</p> <p>3. Public awareness participation</p>	<p>A modern financial and management information system set up before loan effectiveness</p> <p>A procurement management system set up before loan effectiveness</p> <p>Advance actions for recruitment of consultants and procurement completed before loan effectiveness</p> <p>Training manuals developed, target trainees identified, training schedule prepared, training seminars and workshops held</p> <p>Participatory workshops held, public awareness campaigns held, project proposals submitted to KUIC (at least 3 towns)</p>	<p>Consultants' reports</p> <p>TA review missions</p>	<p>Assumption</p> <p>Effective coordination by PMO with the project municipalities</p> <p>Qualified staff assigned to the PMO and implementing units</p> <p>Active participation of local stakeholders in project activities</p>

Continued on next page

Design Summary	Performance Indicators and Targets	Monitoring Mechanisms	Assumptions and Risks
4. Operationalization of the Kerala sustainable urban development fund (KSUDF) and KUIC	KSUDF set up as statute, KUIC staff recruited and operational manual developed, initial training of staff undertaken, assets and liabilities of Kerala Urban Development Finance Company absorbed by KSUDF, comprehensive needs assessment completed		
Inputs/Activities 1. Consulting services Technical assistance coordinator Procurement specialist Financial management and project accounting specialist Urban management specialist Structured finance specialist Institutional finance and legal adviser Municipal engineers Community development specialist Urban development specialist 2. TA administration and support services 3. Training and workshops 4. Study visits 5. Public campaign	(person-months) Domestic (8) Domestic (3) Domestic (4) Domestic (4) Domestic (3) Domestic (3) Domestic (5) Domestic (2) International (2) \$20,000 \$40,000 \$20,000 \$20,000	Consultants' reports TA review missions	

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	40.0	0.0	40.0
ii. Domestic Consultants	0.0	165.0	165.0
b. International Travel	10.0	0.0	10.0
c. Reports and Communications	0.0	5.0	5.0
2. Equipment ^b	0.0	10.0	10.0
3. Training and Workshops			
a. Facilitators	0.0	10.0	10.0
b. Training Program	0.0	30.0	30.0
4. Study Tour in India (domestic)	0.0	20.0	20.0
5. Vehicles	0.0	20.0	20.0
6. Market Studies and Surveys	0.0	80.0	80.0
7. Miscellaneous Administration and Support	0.0	20.0	20.0
Services ^c			
8. Consultation Visits to Asian Development Bank	10.0	0.0	10.0
9. Contingencies	20.0	60.0	80.0
Subtotal (A)	80.0	420.0	500.0
B. Government Financing			
1. Office Accommodation and Transport	0.0	36.0	36.0
2. Remuneration and Per Diem of Counterpart Staff	0.0	75.0	75.0
3. Others	0.0	18.0	18.0
Subtotal (B)	0.0	129.0	129.0
Total	80.0	549.0	629.0

^a Financed by the Japan Special Fund, funded by the Government of Japan.

^b The equipment includes computers, printers/copiers, mobile phones, and fax machine for use by the consultants and to be turned over to the Local Self Government Urban Department upon technical assistance completion.

^c Including office utilities and supplies, and secretarial expenses.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Domestic Technical Assistance Coordinator and Institutional Development Specialist (8 person-months, intermittent over 12 months)

1. A domestic technical assistance (TA) coordinator will be responsible for planning, coordinating, and executing all activities under the TA; will closely coordinate with the project director and municipal government staff (in 5 project cities); and monitor the work of other experts to achieve the TA objectives. Working in the Project Management Office (PMO) located in Thiruvananthapuram, the coordinator's responsibilities will include, but not be limited to, the following:

- (i) Assess the capacity of the state and municipal governments to efficiently and effectively manage the activities under the proposed Asian Development Bank (ADB) loan. Recommend an optimal managerial and personnel structure for project implementation, based on the project preparatory TA reports and extensive stakeholder consultations.
- (ii) Help the project director strengthen the PMO, and prepare the PMO work plan up to loan effectiveness; recommend an adequate control system to strengthen the supervisory capacity of the Local Self-Government Urban Department (LSGUD) and PMO in monitoring all project activities; assess the capacity of the five project cities; and recommend the human resource and other resource requirements for the municipal project implementation units (MPIUs).
- (iii) Prepare detailed terms of reference (TOR) for all the experts to be engaged under the TA for review and approval by project director and ADB. Detailed individual work plans will be prepared in consultation with the consultants after their recruitment.
- (iv) Prepare a consolidated work plan for individual experts and coordinate/integrate their work to achieve the TA objectives; and be responsible for preparing reports (inception, monthly, and final) for submission to and approval by ADB and the state government.
- (v) Identify the need for capacity building and institutional strengthening for timely and smooth implementation of the project activities; design the training programs using the inputs of the individual consultants and resource persons that will include
 - (a) urban development in Kerala—infrastructure needs and constraints;
 - (b) role of LSGs and the state in urban development;
 - (c) data needs for project identification and development;
 - (d) management information system for project implementation;
 - (e) ADB's safeguard policies for environmental protection, involuntary resettlement, and indigenous people;
 - (f) ADB's policies and procedures for procurement and disbursement;
 - (g) ADB's policies and procedures for recruitment of consultants;
 - (h) project monitoring and evaluation;
 - (i) repayment and financial management;

- (j) community participation; and
 - (k) gender and development.
- (vi) Assist the PMO, using the inputs of the TA consultants, in setting up the Kerala sustainable urban development fund (KSUDF) and Kerala urban infrastructure company (KUIC) before loan effectiveness; prepare a set-by-step plan for the establishment of the KSUDF and operationalization of KUIC based on the business and operational plan prepared under the project preparatory TA; follow-up on actions to be taken by the state government and advise the project director on the achievement of target milestones based on consultant inputs.
 - (vii) Assist the PMO, together with the procurement specialist, in establishing a procurement management system based on ADB's guidelines and policies by establishing tendering procedures, preparing prequalification documents, prequalifying contractors for civil works, and preparing standard bid documents for contract packages.
 - (viii) Assist the PMO, together with the financial management and project accounting specialist, in establishing a financial management and information system separately for PMO and KUIC. The financial management system will include staffing, internal control, funds flow monitoring, accounting and reporting, budgeting and control, as well as auditing of the project accounts.

B. Domestic Procurement Specialist (3 person-months)

2. The specialist will set up a procurement management system in the PMO; develop a similar system, if required by ADB and the state government, for KUIC after careful review of KUIC's operational plan; work closely with the TA coordinator to identify possible advance procurement activities to be carried during the bridging period. The detailed TOR of the procurement specialist will be developed by the TA coordinator for review by ADB and the project director. The responsibilities of the procurement specialist will include, but not be limited to, the following:

- (i) Assist the PMO in developing a procurement management system for PMO, MPIUs, and KUIC. The consultant will assess the role of the design and supervision consultants within the framework of the PMO, MPIUs, and KUIC, and recommend actions to be taken by the PMO, MPIUs, and KUIC.
- (ii) Assist the PMO in evaluating proposals of the design and supervision consultants and their selection as per ADB procedure.
- (iii) Review or prepare the contract packages and assist the PMO in finalizing groupings and mode of procurement on the basis of their individual characters.
- (iv) Undertake procurement workshops and assist the PMO and the project cities in familiarizing themselves with ADB's procurement procedures.
- (v) Assist the PMO in preparing invitation documents along with detailed evaluation criteria for prequalification of the contractors.

- (vi) Assist the PMO in inviting prequalification proposals from contractors and evaluating them for approval of ADB.
- (vii) Assist the PMO in preparing standard bidding documents for civil works and procurement of equipment using local competitive bidding, international competitive bidding, and international shopping procedures; and finalizing the documents based on comments received from ADB. These documents should include the invitation to bid, instruction to bidders, postqualification criteria, general conditions of contract, tender submission forms, forms of contract, and forms of securities and performance guarantees.

C. Domestic Financial Management And Project Accounting Specialist (4 person-months)

3. The specialist will set up a financial management information system for the PMO, MPIUs, and KUIC. The TA coordinator will develop detailed TOR for the specialist for review and approval by ADB and project director. The tasks of the specialist will include the following:

- (i) Assist the PMO in assessing the staffing and resource requirements for setting up an efficient financial management and information system for the PMO, MPIUs, and KUIC.
- (ii) Design the financial management system for internal control, funds flow monitoring, accounting and reporting, budgeting and control, as well as auditing of the project accounts, based on ADB's guidelines and policies.
- (iii) Conduct training for the PMO and MPIU staff and KUIC personnel, in accordance with the approved design.
- (iv) Review the state policies affecting the financial performance of the local self governments (LSGs) (e.g., employment, wage, tariff setting) and identify critical areas for improvement.
- (v) Develop a financial management manual for the PMO, MPIUs, and KUIC.
- (vi) Prepare the financial projection for the operations of the MPIUs and KUIC.
- (vii) Analyze the counterpart financing requirements and assist the PMO in making the request for the state budget allocation.

D. Domestic Urban Management Specialist (4 person-months)

4. The specialist will lead a small team consisting of a structure finance specialist and institutional finance and legal adviser to help operationalize the business plan developed under the project preparatory TA; and will develop detailed TOR for the team and the members for review by the TA coordinator and then subsequently by ADB and the project director. The activities of specialist and the team will include the following:

- (i) Carry out an assessment of the finances of the target LSGs (5 municipal corporations, 53 municipalities, and selected panchayats as decided by the state

government) over the last 3 years, including direct flows to LSGs and indirect flows through state agencies (e.g., Kerala Water Board).

- (ii) Develop appropriate service norms in consultation with the state government and carry out an assessment of major civic services currently provided and other urban infrastructure assets maintained by the LSGs, and estimate the investment gaps in providing a minimum level of municipal services.
- (iii) Review the state policies affecting the financial performance of the LSGs (e.g., employment, wage, tariff setting) and identify critical areas for improvements.
- (iv) Assess overall borrowing capacity of all target LSGs taking into account operating surplus, current levels of debt, suitable debt service coverage ratios for additional debt, and cap on annual debt serving as a percentage of annual revenues.

E. Domestic Structured Finance Specialist (3 person-months)

5. The specialist will work as part of a team with the domestic urban management specialist and domestic institutional finance and legal adviser. Responsibilities will be based on the TOR developed by the domestic urban management specialist (para. 4), for approval by the TA coordinator, the project director and ADB.

F. Domestic Institutional Finance and Legal Adviser (3 person-months)

6. The adviser will work as a team with domestic urban management specialist and domestic structured finance specialist. Responsibilities will be based on the TOR developed by the domestic urban management specialist (para. 4), for approval by the TA coordinator, the project director and ADB.

G. Domestic Municipal Engineers (5 person-months in total)

7. Two municipal engineers will be recruited to assist the TA coordinator and PMO. The TA coordinator will determine the specific expertise of the engineers based on the preliminary design works to be continued between the completion of the project preparatory TA and loan effectiveness. The engineers will also assist the PMO with advance actions for recruitment of consultants and procurement. In addition, they will review the additional sample subprojects to be identified by the KUIC during its initial period of operations. Prior to the engagement, the TA coordinator will develop detailed TOR for approval by the project director and ADB.

H. Community Development Specialist (2 person-months)

8. The specialist will assist the PMU in informing and educating beneficiaries about the Project. Tasks will include, but not be limited to, the following:

- (i) Develop a public awareness program for project beneficiaries in consultation with the PMO, KUIC, and MPIUs.
- (ii) Design the systems and delivery of the messages by use of posters, billboards for community display, leaflets and stickers, newspaper advertisements, and any other suitable techniques.

- (iii) Undertake an awareness campaign, using various media, on the project scope, and social and environmental issues including resettlement entitlements.
- (iv) Make stakeholders aware of the Project's long-term benefits and short-term inconveniences in order to gain full support of the beneficiaries for the Project.
- (v) Make beneficiaries aware of their responsibilities, including issues such as user charges and property tax reform, for achieving the goal of the Project.
- (vi) Make beneficiaries aware of the KSUDF and how to access funds from it; help beneficiaries identify potential projects and develop proposals for submission to KUIC.
- (vii) Provide feedback to the PMU with a view to adjusting the work program based on the impact of the campaign and concerns raised by the beneficiaries.

I. International Urban Development Specialist (2 person-months)

9. The specialist will assist the TA coordinator and PMO during the initial period of setting up the PMO, MPIUs, and KUIC. Tasks will include the following:

- (i) Strengthen the TOR developed under the project preparatory TA for the PMO and MPIUs for smooth implementation of the loan Project.
- (ii) Review the roles of the TA consultants and the PMO staff, and recommend an effective structure of the entire team.
- (iii) Guide and assist the TA coordinator and project director in finalizing the TA work plan and the detailed TOR of the individual experts.
- (iv) Review the TA inputs in view of the expected outputs, and recommend necessary adjustments, if required, to the project director and ADB task manager.
- (v) Advise the TA coordinator of the detailed implementation schedule for all kinds of advance actions required under the TA.
- (vi) Review the engineering works completed under the project preparatory TA and identify the requirements for additional inputs during the TA.
- (vii) Review safeguard issues, policies, and frameworks under the Project and advise the TA coordinator, project director, and ADB task manager of the adequacy of the existing arrangements and the need for strengthening if required.