



**GEF**

**GEF/WORLD BANK/UNDP  
Sustainable Urban Transport Project, India**

**Draft Operations Manual**

For Demonstration Projects

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# Sustainable Urban Transport Project, India

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**LIST OF ABBREVIATIONS**

ADB	Asian Development Bank
AFS	Annual Financial Statements
APs	Affected Persons
BOQ	Bill of Quantities
BPL	Below Poverty Line (India)
BRTS	Bus Rapid Transit System
CAAA	Controller of Aid Accounts & Audit
CAD	Computer Aided Design
CDP	City Development Plan
CMP	Comprehensive Mobility Plan
CPCB	Central Pollution Control Board
CPWD	Central Public Works Department
CSMC	Central Sanctioning and Monitoring Committee
CV	Curriculum Vitae
DC	District Collector
DEA	Department of Economic Affairs
DGS & D	Directorate General of Supplies and Disposals
DLP	Defects Liability Period
DPR	Detailed Project Report
EA	Environmental Assessment
EIA	Environment Impact Assessment
EMP	Environment Management Plan
EOI	Expression of Interest
EOT	Extension of Time
ERR	Economic Rate of Return
ESMF	Environment Social Management Framework
FBS	Fixed Budget Selection
FGD	Focus Group Discussions
FM	Financial Management
FMC	Financial Management Committee
FMM	Financial Management Manual
GEF	Global Environment Facility
GHG	Greenhouse Gas
GOI	Government of India
GPN	General Procurement Notice
IA	Implementing Agency
ICB	International Competitive Bidding
ICT	Information and Communication Technology
IEC	Information Education & Communication
IFB	Invitation for Bid
IP	Indigenous People
IPC	Interim Payment Certificate
IRR	Internal Rate of Return
ITC	Information to Consultants
ITS	Intelligent Transportation Systems

IUFR	Interim Un-audited Financial Reports
IUT	Institute of Urban Transport
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
LCS	Least Cost Selection
LIB	Limited International Bidding
LOI	Letter of Invitation/Intent
LOE	Letter of Endorsement
M & E	Monitoring and Evaluation
MIS	Management Information System
MoEF	Ministry of Environment and Forest
MoF	Ministry of Finance
MoRT&H	Ministry of Road Transport and Highways
MoU	Memorandum of Understanding
MoUD	Ministry of Urban Development
MRTS	Mass Rapid Transit System
NCB	National Competitive Bidding
NMT	Non Motorized Transport
NPD	National Project Director
NPV	Net Present Value
NUTP	National Urban Transport Policy
OP	Operational Policy
OPC	Optical Fibre Cable
OPN	Operational Policy Note
OSD	Officer on Special Duty
PAD	Project Appraisal Document
PAP	Project Affected Persons
PDO	Project's/Program's Development Objective
PERT	Project Evaluation and Review Technique
PID	Project Information Document
PIP	Project Implementation Plan
PIU	Project Implementation Unit
PM	Project Manager
PMU	Project Management Unit
PPP	Public Private Partnership
PUC	Pollution Under Control
PWD	Public Works Department
QBS	Quality Based Selection
QCBS	Quality and Cost Based Selection
QCS	Consultant's Qualification based Selection
RAP	Resettlement Action Plan
RFP	Request For Proposal
ROB	Road Over Bridge
RP	Resettlement Plan
R & R	Resettlement and Rehabilitation
RTI	Right To Information
RUB	Road Under Bridge
SA	Social Assessment/ Special Account

SC	Schedule Caste
SIA	Social Impact Assessment
SLNA	State Level Nodal Agency
SPN	Specific Procurement Notice
SPV	Special Purpose Vehicle
SSS	Single Source Selection
SUTP	Sustainable Urban Transport Project
ST	Schedule Tribe
TA	Technical Assistance
TOC	Taking-Over Certificate
TOR	Terms Of Reference
ULB	Urban Local Body
UMTA	Urban Mass Transportation Administration
UNDB	United Nations' Development Business
UNDP	United Nations Development Programme

# Chapter 1. Introduction

## 1.1 BACKGROUND

Mounting urban travel has resulted in increased greenhouse gas (GHG) emissions. Unless deliberate steps are taken to develop and implement environmentally friendly urban transport systems, India's urban areas may well become the single largest source of GHG emissions. Since one of the important goals of the National Urban Transport Policy (NUTP 2006) is to reduce GHG emissions, GoI through the Ministry of Urban Development (MoUD) intends to initiate programs, which promote shift to more environment friendly modes of urban transport.

To achieve this, the GOI has applied to the Global Environmental Facility (GEF) under its operational program OP11 to implement GEF's Sustainable Urban Transport Project (SUTP) in India. SUTP in India is to be implemented through two initiatives namely:

- Institutional strengthening and capacity building at the national level; and
- Implementation of Demonstration projects. This initiative is envisaged to identify, prepare and implement a package of green transport demonstration projects in various cities in India.

## 1.2 PROJECT CYCLE

The project cycle for the demonstration projects being considered under the SUTP include the process from project selection up to the point of project closure. Briefly the project cycle comprises of the following four main stages. Its components and subcomponents are outlined in the Table 1-1.

- (a) Project Preparation
- (b) Project Management
- (c) Project Execution
- (d) Project Completion

**Table 1-1: Project cycle, components and sub components**

Stage	Component	Subcomponents
Project Preparation	Project Selection	<ul style="list-style-type: none"> <li>• Identification of urban needs – CDP, CMP</li> <li>• Stakeholder and Community Consultations</li> <li>• Project Scoping</li> </ul>
	Project Appraisal	<ul style="list-style-type: none"> <li>• Appraisal and approval of Project Proposal by MoUD</li> </ul>
	Project Report	<ul style="list-style-type: none"> <li>• Techno-economic feasibility</li> <li>• Viability Analysis</li> <li>• Implementation Arrangements</li> <li>• Procurement Plan</li> <li>• Sourcing of Funds</li> </ul>
	Project Approval	<ul style="list-style-type: none"> <li>• Participation Agreement</li> </ul>
Project Management	National Level	<ul style="list-style-type: none"> <li>• Responsibilities</li> <li>• Resources</li> </ul>
	City Level	<ul style="list-style-type: none"> <li>• Responsibilities</li> <li>• Resources</li> </ul>
Project Execution	National Project Management Unit	<ul style="list-style-type: none"> <li>• Procurement Management</li> <li>• Contract Management</li> <li>• Finance Management</li> <li>• Information Management</li> <li>• Monitoring and Evaluation of outcomes</li> <li>• Grievance Management</li> </ul>

Stage	Component	Subcomponents
	City Project Implementation Unit	<ul style="list-style-type: none"> <li>• Procurement Management</li> <li>• Contract Management</li> <li>• Finance Management</li> <li>• Information Management</li> <li>• Monitoring and Evaluation of outcomes</li> <li>• Grievance Management</li> </ul>
Project Completion	National Project Management Unit	<ul style="list-style-type: none"> <li>• Closure of Project activities</li> </ul>
	City Project Management Unit	<ul style="list-style-type: none"> <li>• Taking over of completed works</li> <li>• Completion of contracts</li> </ul>

### 1.3 OPERATION MANUAL FOR DEMONSTRATION PROJECTS

Purpose of this manual is to set out the general procedures for planning and implementing SUTP demonstration projects and is intended to serve as a reference guide primarily to the recipients of SUTP funds namely the Project Implementing Units (PIU) in each city. This manual would also be a useful guide to the National Project Management Unit at the Ministry of Urban Development, Government of India and the funding agencies of SUTP.

To address the various operating procedures required for each component and subcomponent of the project cycle, this manual has been presented in the following chapters, which is as follows:

- Chapter 2 – Selection, Preparation, Appraisal and Approval of Projects
- Chapter 3 – Environmental and Social Management Framework
- Chapter 4 – Project Management
- Chapter 5– Procurement Management
- Chapter 6 – Contract Management
- Chapter 7 – Financial Management
- Chapter 8 – Monitoring and Evaluation
- Chapter 9 – Information Management
- Chapter 10 – Complaints and Vigilance

This manual does not claim to cover every aspect in full. Wherever possible, references to applicable policies and directives, checklists, sample letters, and templates have been provided. However, most of these can be accessed at the World Bank's website [www.worldbank.org](http://www.worldbank.org). The MoUD and World Bank will endeavour to ensure that this manual remains relevant and current. Its subject matter and style will also be driven by users' needs. In this regard, users are welcome to submit any suggested amendments to the manual in writing to the following:

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**Nirman Bhawan**  
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# ***Chapter 2. Selection, Preparation, Appraisal and Approval***

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Project preparation includes a sequence of activities starting with project selection and followed by project scoping, proposal preparation, its appraisal and approval, preparation of detailed project report and its final appraisal and approval. The procedures to be adopted in each activity are briefly explained in this chapter.

## **2.1 PROJECT SELECTION**

Proposals for the implementation of demonstration projects should be initiated by Implementing Agencies (IA), which has the authority to implement all components of the project. In case of projects requiring multi-agency involvement, a joint proposal shall be initiated.

Green transport projects which would typically be acceptable under the SUTP would include:

- Improvement of Public Transport
  - Promotion of Bus Rapid Transit Systems
  - Improvements to and reform of existing bus services
  - Enhancement of public transport (landscaping, safety, comfort, design, image)
  - Fare and modal integration
  - Traffic signal priority
- Land-use and transport planning coordination
  - Comprehensive corridor development integrating various modes of transport
  - Urban upgrading and re-developments in conjunction with development of public transport systems
  - Recuperation of urban centers (historic, symbolic) while promoting accessibility
- Adequate Operation and Maintenance of Transport Fleet
  - Driving practices and training of operators
  - Fleet maintenance practices and outsourcing
  - Vehicle emissions monitoring
- Non-motorized transport development
  - Provision and improvement of cycling networks and facilities, and pedestrian facilities
- Travel Demand Management
  - Traffic Calming
  - Congestion pricing
  - Traffic cells
  - Parking policies
  - Advanced Public Transport Systems or Intelligent Transport Systems
  - Rationalization of travel behavior
- Freight Rationalization
  - Freight transfer centers
  - Fleet standards
  - Rules on truck circulation

Selection and preparation of demonstration projects shall conform to the JNNURM guidelines, which state that the CDP and the CMP shall be the basis for the selection and approval of project components.

A CDP is both a perspective and a vision for the future development of a city. It presents the current stage of the city's development and the prospective directions of change. It identifies the thrust areas, suggests alternative strategies and interventions for bringing about the change and provides a framework and vision within which projects need to be identified and implemented. It also establishes a logical and consistent framework for evaluation of investment decisions.

CMP focuses on resolving mobility issues rather than development of vehicle intense transport systems. It offers new opportunities for synergizing the socio-economic, mobility and infrastructure aspects in a city with a focus towards moving people rather than vehicles to achieve a higher degree of sustainability.

## **2.2 PROJECT SCOPING**

Demonstration projects should address infrastructure requirements as well as its operations and maintenance over the SUTP term (2008-12). Extent of the project would therefore be limited by what can be designed and implemented within the project term.

## **2.3 PUBLIC CONSULTATION DURING PROJECT PREPARATION**

Proposals should be prepared through a consultative or participatory process involving stakeholders and the community. Public participation should be generated with stakeholders through the use of various methods, such as in-depth interviews, public meetings, workshops, focus group discussions etc. Consultations shall also be held with vulnerable groups.

## **2.4 PROJECT PROPOSAL**

Project proposals shall be submitted in two parts. Two templates have been provided in the **Appendix 2.1** to facilitate presentation of proposal. The first template is designed to provide general information about the project and the second to provide detailed information about existing transport issues and needs, components of the project, estimated costs, impacts and institutional arrangement for project implementation.

## **2.5 APPRAISAL AND APPROVALS**

Project proposals in the required format shall be submitted to the National Project Director (NPD), Project Management Unit (PMU), SUTP, located at the Institute of Urban Transport, G Wing, Nirman Bhavan, Maulana Azad Marg, New Delhi 110011. The PMU will review the proposal and if found acceptable, shall recommend it for approval to the Steering committee of SUTP.

## **2.6 DETAILED PROJECT REPORT**

Project proposals approved by the Steering Committee of SUTP shall then be required to prepare a detailed project report (DPR) covering all aspects as suggested in the generic ToR for DPR preparation given in **Appendix 2.2**. The completed DPRs shall be submitted to the steering committee.

DPRs appraised by the PMU based on the criteria mentioned in **Appendix 2.3** and found acceptable shall be recommended for approval by the Steering Committee SUTP. Following this the IAs shall be eligible to source funds as approved by the Steering Committee.

## 2.7 EXPENDITURE ON PROJECT PREPARATION

For projects approved for funding under the SUTP, expenditures on PP and DPR shall be reimbursed to the IA to the extent mentioned in the JNNURM guidelines toolkit and for non-JNNURM cities 80% of the cost would be reimbursed by the MoUD in the form of grant. For projects not accepted, the expenditure incurred on project preparation shall be borne by the IA.

## 2.8 PUBLIC CONSULTATION DURING IMPLEMENTATION

It should also be envisaged that during the program implementation, this consultative process will be carried forward to ensure that the affected population and other stakeholders are informed, consulted, and allowed to participate actively in the development process.

During implementation and monitoring, information dissemination to APs (Affected Persons) and other key stakeholders in appropriate ways is the most important stage where consultations will play an important role. This information will be prepared in the local language and also English, as required, describing the main project features including the entitlement matrix. Aiming at promotion of public understanding and fruitful solutions to address the local needs of the communities and issues pertaining to resettlement, various sections of APs and other stakeholders should be consulted through focus group discussions (FGD), meetings and individual interviews.

**Table 2-1: Summary of Consultation Activities and Stages**

Project Phase	Activities	Details
Project Initiation Phase	Mapping of the project area	Project area to be mapped, clearly showing survey nos of titleholders of land/property proposed for acquisition
	Stakeholder identification	Cross section of stakeholders to be identified in order to facilitate their participation in the project.
	Project information dissemination; Disclosure of proposed land acquisition and project/subproject details	Leaflets containing information on project to be prepared. Public notice will mention the names and survey no's of titleholders of land/property proposed for acquisition along with project/sub-project details. Notice will be issued in local newspapers. Web disclosure on website also proposed.
	Stakeholder Meetings	Meetings at community/household level with titleholders of affected land/property and their family members during project scoping.
Project Preparation Phase	SIA surveys	Resettlement framework will be made available in DC and PIU office, to be translated in local language
	Formulating compensation measures and rehabilitation measures	Conducting discussions/meetings/workshops with all APs and other stakeholders
	Disclosure of final entitlements and rehabilitation packages	Web disclosure of the RP on the website. Circulating copies of RPs to all stakeholders including APs, translating summary RP in local language before conducting final disclosure meeting. Conducting public meetings for RP approval by APs.
Project Implementation Stage	Disclosing final RP approved by MoUD to all important stakeholders	Summary of final RP approved by MoUD, to be updated/disclosed on the IA's website. Ensuring the availability of copy of the approved RP and ADB IR policy at IPMU and DC office.
	Consultation with APs during rehabilitation activities	Meetings/discussions will be arranged with APs.

Project Phase	Activities	Details
		Households to identify help required by APs during rehabilitation.

## 2.9 PARTICIPATION AGREEMENT

A participation agreement shall be signed by the MoUD, participating cities and their state governments to formalize the funding plan and the mutually agreed terms and conditions of project implementation.

# ***Chapter 3. Environmental and Social Management Framework***

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## **3.1 INTRODUCTION**

This Environmental and Social Management Framework (ESMF) lays down the principles and guidelines for addressing environment and social impacts due to the implementation of the demonstration projects in the selected cities. Key objectives of ESMF are:

- Provide a framework for the integration of social and environmental aspects at all stages of project planning, design, execution and operation.
- Ensuring positive social and environmental impacts and avoiding/minimizing any potential adverse impacts

The environmental and social safeguards policies shall be applied to all projects to be taken up under GEF-SUTP. Adoption of this framework shall ensure that the projects meet the national and state level environmental and social safeguards and are also consistent with the applicable safeguards policies and provisions of the World Bank.

## **3.2 APPLICATION OF THE ESMF**

The ESMF shall be applied to all stages of the project as illustrated in **Figure 3.1** below. Projects triggering significant environmental / social impacts, i.e. projects with potential to trigger impacts on environmental sensitive areas, or large scale resettlement activities are not envisaged under GEF-SUTP. However, in the event of such projects, being critical to the GEF priorities, the projects shall be included after undertaking the necessary environmental and social assessments, as mandated by the Gol / state governments and conforming to the safeguard policies of the World Bank.

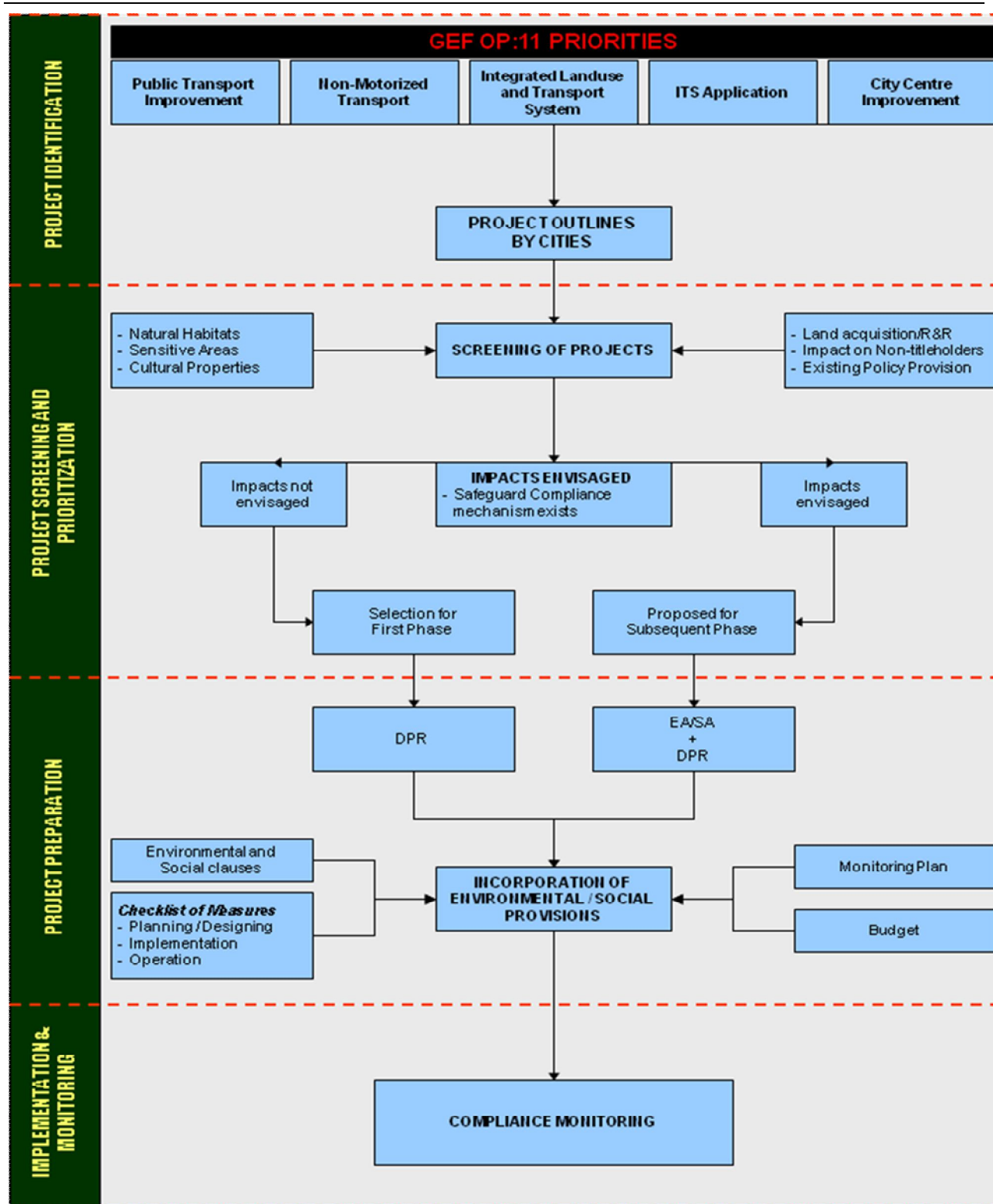


Figure 3-1: ESMF Implementation Process

### 3.3 APPLICABLE POLICIES

National Resettlement and Rehabilitation Policy, 2007 and the Land Acquisition Act 1894 (as amended in 1984) are the applicable legislations at the centre and these would be applicable for

all components of the project. While at the state level, respective state governments have formulated a resettlement policy for various multilaterally funded projects being undertaken in the states and these would be applicable.

In addition, the World Bank policies such as Environmental Assessment OP 4.01, Cultural Properties OPN 11.03, and Involuntary Resettlement OP 4.12 will be applicable in sub-projects involving civil construction activities and removal of squatters / encroachers.

### **3.4 POTENTIAL IMPACTS & MANAGEMENT MEASURES**

This section details out the potential environmental impacts of the projects funded by GEF under the SUTP. The environmental impacts identified at this stage are preliminary in nature and will need to be further elaborated and potential for occurrence has to be ascertained during further stages of project design and implementation. The management measures for identified impacts are worked out which are to be elaborated and suitable for implementation during the course of the project design. The impacts and management measures are presented in the **Appendix 3.1**.

#### **3.4.1. Involuntary Resettlement**

Transport infrastructure and facilities have to be planned so as to have least adverse impact on the community. If a particular location is suitable for all factors except for limited resettlement, necessary safeguards as per the resettlement framework shall to be adopted. Resettlement impacts due to these interventions would be managed through appropriate compensation and rehabilitation measures as per the entitlements of the PAP. All R&R activities should be completed before the construction activity starts, on any project. The impacts and corresponding entitlements considered in such cases have been presented in **Appendix 3.2**.

#### **3.4.2. Cultural Property Resources**

All utilities and common property resources likely to be affected due to the project will be relocated with prior approval of the concerned Implementing Agency before start of construction. Similarly, cultural properties within the right-of-way whose structure is likely to get affected should be relocated to suitable locations, as desired by the community before construction starts.

All necessary and adequate care shall be taken to minimize impact on cultural properties (which includes cultural sites and remains, places of worship including temples, mosques, churches and shrines, etc., graveyards, monuments and any other important structures as identified during project preparation and all properties/sites/remains notified under the Ancient Sites and Remains Act). No work shall spill over to these properties, premises and precincts.

#### **3.4.3. Indigenous Peoples**

“Indigenous Peoples” as defined for the purposes of the OP 4.10, are members of distinct indigenous cultural group, collective attachment to geographically distinct habitats or ancestral territories, customary cultural, economic, social or political institutions that are separate from those of dominant society and culture and have an indigenous language different from the official language of the country or the region. Under Article 342 of the Indian Constitution, the following characteristics define indigenous peoples [Scheduled Tribes (STs)], (i) tribes’ primitive traits; (ii) distinctive culture; (iii) shyness with the public at large; (iv) geographical isolation; and (v) social and economic backwardness before notifying them as an ST. IPs have a social and cultural

identity distinct from the 'mainstream' society that makes them vulnerable to being overlooked or marginalized in the development processes.

All sub-projects are being implemented in the urban areas which consist of SC / ST population. However, these population groups have got absorbed into the mainstream population and do not have distinct practices and customs that qualify them to be classified as indigenous population. Hence, no specific management measures as IPDP is required. However impacts on these groups would be addressed through the entitlement framework specified for the project inline with the ESMF requirements.

### **3.5 PHASING OF PROJECTS**

Projects that have minimal or no environmental and social impacts may thus be considered for implementation on priority while projects that require more rigorous environmental or social assessments should be taken up for implementation only after fully addressing the E&S issues.

At the stage of detailed project preparation, any significant environmental and social issues that may arise should be addressed and mitigated through an EMP / RAP. The environmental and social management measures should be included as part of the specifications and included as a work item in the bidding documents to ensure implementation.

### **3.6 PARTICIPATION / CONSULTATION IN ESMF**

Community participation shall be undertaken at the following stages:

- Selection Stage - to sensitize the community about the project and their role;
- Preparation Stage - for disseminating information pertaining to the project, work schedule and the procedures involved; finalisation of project components with identification of impacts, entitled persons, mitigation measures; and Grievance Redressal; and
- Implementation Stage - for addressing temporary impacts during construction and monitoring for transparency in the project implementation

#### **3.6.1. Information Disclosure**

Disclosure Policy is intended to ensure that information concerning the SUTP activities will be made available to the public in the absence of a compelling reason for confidentiality. Information shall be provided in a timely and regular manner to all stakeholders, affected parties, and the general public. Access by the public to information and documentation held or generated by MoUD and implementing agencies will facilitate the transparency, accountability, and legitimacy as well as operations overseen by it. As a part of its disclosure policy, all documents shall be made available to the public in accordance with relevant provisions of the RTI Act, except when otherwise warranted by legal requirements. A designated Information Officer or in his absence the PD shall be responsible for ensuring timely and complete dissemination in accordance with this policy. A computer based information management systems shall be employed to disseminate information pertaining to the project on the MoUD website.

The following information shall be displayed / disseminated for all the projects undertaken by MoUD.

- Project specific information need to be made available at each contract site through public information

kiosk

- Project Information brochures shall be made available at all the construction sites as well as the office of implementation agency and the office of Engineer in charge.
- Reports and publications, as deemed fit, shall be expressly prepared for public dissemination e.g., English versions of the EA, EMP, SA, RAP, Executive Summary of project documents, Executive summary of the project documents in local language etc.,

### **3.7 MONITORING AND REPORTING**

Implementing agency in each of the states where there is a single project and the corresponding agency for each project in case of multiple projects will be responsible for monitoring and reporting at project level to the state level implementing agency or the Project Implementation Unit. The PIU would in turn report to the PMU at the centre.

An officer in PIU shall be designated as the Environment & Social Safeguards officer to ensure compliance of the project activities with the World Bank safeguards as well as oversee implementation of environment and social provisions as per the ESMF, EMP and RAP where applicable. The objectives of Monitoring and Evaluation include:

- Project management and timely completion;
- Successful completion of Environmental management, R&R activities identified in the EMP and R&R plan as per the implementation schedule;
- Compliance with the Environmental policy, R&R policy and entitlement framework.

The safeguards officer shall play a key role in reporting the progress of implementation as well as compliance to the PIU, PMU and the World Bank. Reporting system recommended in the ESMF needs to be adopted with due modifications specific to the project. The aspects to be monitored are presented below:

- For R&R activities: - Notification of Land Acquisition, Land Value Assessment, Census Survey Notification, Socio-economic profile, Relocation plan for common property resources & cultural property and Grievance Redressal
- For EA activities: - Air Quality at Sensitive Receptors, Noise Levels at Sensitive Receptors, Surface Water Quality Rivers in the vicinity of project areas, Benefits and Survival Rate of Plantation

### **3.8 GRIEVANCE REDRESSAL MECHANISM**

Grievance redressal mechanism is an important aspect in projects involving land acquisition. The redressal of grievance is important to avoid unnecessary legal delays and cost overrun of the project. Also, this is a forum for people to express their dissatisfaction over compensation and R&R provisions.

A Rehabilitation and Resettlement Committee shall be constituted within the PIU to monitor and review the progress of implementation of the scheme or plan of rehabilitation and resettlement of the affected families and to carry out post implementation social audits. The committee shall be formed including the following members:

- Social officer of the PIU;
- Environment and social officer in PMU;
- A representative of women residing the affected area;
- A representative of each of the Scheduled Castes and Scheduled Tribes residing in the affected area;

- A representative of a voluntary organization;
- A representative of the lead bank;
- Chairperson of the municipalities located in the affected area, or their nominees;
- Members of Parliament and Members of Legislative Assembly of the area included in the affected area;
- A representative of the requiring body.

The functions of the Rehabilitation and Resettlement Committee are:

- to publicize within the District the list of affected persons and the functioning of the grievance redressal procedure established hereby;
- to evaluate grievances from affected persons concerning the application to them of the Entitlement Policy;
- to recommend to the Social Officer, PIU as the case may be, solutions to such grievances from affected persons;
- to communicate the decisions to the Claimants;
- to hear appeals from persons, households or groups who, not being affected persons, believe that they are qualified to be recognized as affected persons, to recommend to the PIU whether such persons should be recognized as affected persons, and to communicate the decision of the PIU in that regard to the Claimants;
- To ensure that all notices, forms, and other documentation required by Claimants are made available Local language.

### **3.9 CAPACITY BUILDING AND TRAINING**

Component 1 of the GEF project is intended for capacity building and training of IUT as well as the implementing agencies in the cities. Training modules for environment and social aspects are identified in this section for incorporation into the capacity building program for IUT and implementing agencies. Target groups for training would be the environment and social officers of IUT and city implementing agency for all the sessions and engineers / planners / managers for orientation sessions.

The Environmental and Social Experts need to provide the basic training required for environmental awareness followed by specific aspects of Urban Sector Projects along with Environmental implications in the project. Specific modules customized for the available skill set would need to be devised after assessing the capabilities of the members of the Training Programme and the requirements of the project. The entire training would cover basic principles of environmental assessment and management; mitigation plans and programmes, implementation techniques, monitoring methods and tools. The ESMF indicates the training topics, target audience and mode of training. The training sessions would be followed with site visits where indicated to have a 'hands on' approach to the program. Specific issues of Urban Environmental Management would need to be undertaken in separate sessions. Typical modules that would be present for the training session are as follows:

- Sensitization
- Introduction to Environment, Social and Resettlement Aspects
- Environment, social and resettlement Considerations in Urban Development Projects
- Review of EIA/IEE/EMP & SIA/RAP/LAP and Integration into Design
- Improved co-ordination within Nodal Departments

- Special Issues in SUTP
- Role during construction
- Monitoring & Reporting System

### **3.10 UPDATION AND REVISION OF ESMF**

The ESMF so prepared would be utilized for screening of projects as well as implementation of the specified environmental and social provisions in the sub-projects of SUTP and is considered to be a 'living document' enabling revision where necessary. It is imminent that certain factors that have been overlooked may crop up during project implementation. The factors that would have implications on compliance to World Bank, Government of India or respective state government environmental regulations would be addressed through updating of the ESMF.

# Chapter 4. Project Management

This chapter briefly outlines the project management setup established at the national and city level to implement the demonstration projects under SUTP and discusses the tasks and staffing requirements of these establishments.

## 4.1 PROJECT MANAGEMENT SETUP

To enable effective communication and distribution of responsibilities between the three primary stakeholders namely the GoI, State Government and the individual Implementing Agency, a three-tier management structure is envisaged as shown in **Figure 4.1**.

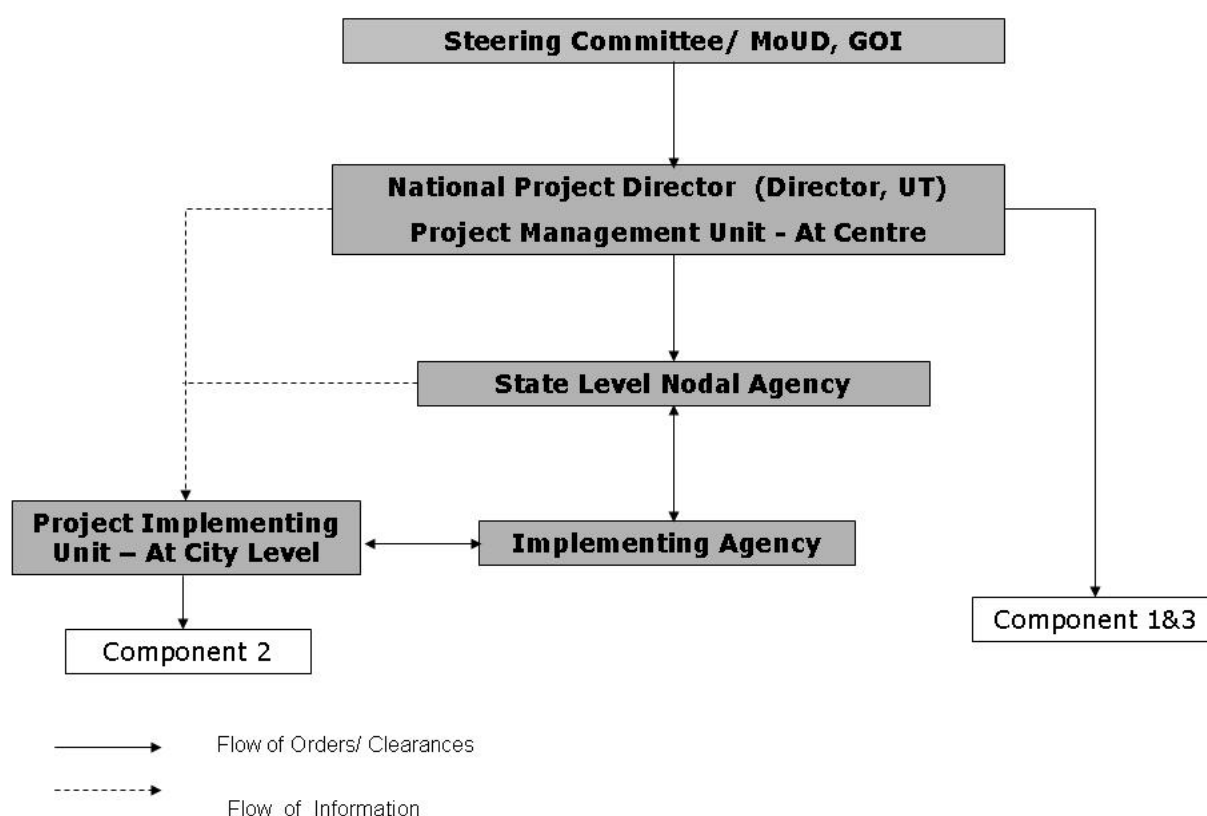


Figure 4-1: Project Management Setup

### 4.1.1. Steering Committee SUTP

A Project Steering Committee under the chairmanship of the Secretary, MoUD has been constituted and consists of members from MoEF, DEA, MoUD, World Bank, UNDP. The Steering Committee would be the approving authority for all policies and executive decisions. It would also provide overall guidance to the national and city level implementing agencies and monitor the progress of the project.

#### **4.1.2. National Project Director (NPD)**

The Ministry of Urban Development (MoUD) is the nodal ministry for implementing the SUTP on behalf of the Government of India. A National Project Director (NPD) designated by the MoUD would be the executive head of the SUTP.

#### **4.1.3. National Project Management Unit (PMU)**

The NPD would be assisted by a National Project Management Unit, which will provide technical support for implementing and monitoring the project. The PMU will provide technical assistance to NPD in planning, preparation, procurement, execution, monitoring, evaluation, fund management and reporting required as part of the overall project management responsibility.

#### **4.1.4. Implementing Agency (IA)**

Projects approved by the Steering Committee shall be implemented by the concerned Implementing Agency in each city. The IAs shall be the approving authority for all executive decisions concerning the project at the city level.

#### **4.1.5. Project Implementation Unit (PIU)**

Each IA shall constitute a Project Implementation Unit (PIU) to manage and monitor the day to day work programs and schedules in the various components and subcomponents of project. The responsibilities of the PIU is elaborated in the Chapter on Contract Management.

### **4.2 STAFFING OF PMU AND PIU**

For the effective functioning of the PMU and PIU, appropriate technical staff needs to be appointed by the MoUD and the IAs. Since various aspects which need to be considered during project implementation, the required staffing pattern of the PMU and PIU shall be as mentioned in the following sections.

#### **4.2.1. Staffing of PMU**

The PMU shall consist of a team of professionals with specialization in the following areas

- Project Manager PMU
- Transportation
- Finance
- Procurement
- Environment
- Social
- Information Technology
- Training
- Institutional Development

**The Project Manager shall be an appointee of MoUD and shall represent the NPD.**

Other professionals could either be appointed by the MoUD directly or could be outsourced as a Project Management Consultant Service through a standard procurement process.

**4.2.2. Staffing of PIU**

The PIU shall consist of a team of professionals with specialization in the following areas

- Project Manager, PIU
- Finance
- Procurement
- Environment
- Social

The Project Manager PIU shall be an appointee of the IA and shall represent the IA.

Other professionals could either be appointed by the IA directly or outsourced through a Project Management Consultant service through a standard procurement process.

**4.3 TRAINING OF PIU STAFF**

To facilitate the training of PIU staff appointed by the IA and who may need training to familiarize themselves with the procedures and methods required as part of this project, the PMU shall arrange a need based training program as and when required for each area of specialization.

# Chapter 5. Procurement Management

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## 5.1 BACKGROUND

Procurement is a critical element in project implementation and unless carried out efficiently and promptly, the full benefits of the project cannot be realized. Poor procurement leads to project delays, cost overruns, complaints by bidders, and affects creditability of the associated institutions. To enable uniform and effective procurement, this chapter provide a general guideline to all concerned. The responsibility for the execution of the project and for the awards and administration of the Contracts under the project rests with the PIU.

Implementing Agency shall be responsible for procurement of goods, works and services in accordance with the provisions of the project agreement including the provisions of prior review by MoUD/ PMU and the World Bank, if any, at various stages of procurement. However, PMU shall have the overall responsibility of coordination with the implementing agency and to maintain the uniformity/consistency in the procurement processes of various implementing agencies. All procurement under the project would be carried out as per the "Guidelines, Procurement under IBRD Loans and IDA Credits, May 2004 and modified October 2006" and "Guidelines, Selection and Employment of Consultants by World Bank Borrowers, May 2004 and modified, October 2006" (together termed as "The Procurement Guidelines"). The Procurement Plan in the prescribed format, which will include estimated cost of each package, the method of procurement/selection, the prior review requirements and other bidding details, shall be prepared by implementing agency with PMU and the same shall be finalized in consultation with the Bank.

In the event of any contradiction between the Bank Guidelines and the provisions of this manual, the provisions of the "The Procurement Guidelines" shall prevail.

## 5.2 STANDARD BIDDING DOCUMENT AND RFP

Procurement of Works, Goods or Services other than consulting services shall be made using Bank's Standard Bidding Documents (SBD). All consulting services shall be procured following Standard Request for proposal (RFP).

The listing of all procurements of works, goods and services should be done as per the formats given in **Appendix 5.1** and the details of the bid documents should contain all the information listed in table 1 of **Appendix 5.2**. The details of the entire procurement plan should be compiled as per the table given in **Appendix 5.3**.

## 5.3 METHODS OF PROCUREMENT

### 5.3.1. *International Competitive Bidding (ICB)*

The ICB is to be to be adopted in situation where the following conditions hold true:

- Generally for packages costing more than the equivalent of US \$200,000\* (Goods)/US \$ 10,000,000<sup>1</sup> (Works);

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<sup>1</sup> Actual threshold limits are as indicated in Participation Agreement to be signed b/w the PIU and the MoUD which in turn will be based on Legal Agreement between the Borrower and the Donor.

- Irrespective of value, where supplies need import and entail payment in foreign currency; and
- Generally for all contracts in which foreign firms can be expected to participate.

The steps for undertaking these types of procurement are:

- Publication of General Procurement Notice followed by specific Invitation for Bid (IFB) in United Nations' Development Business (UNDB) online and dg Market publication;
- Transmission of IFB to those who have expressed interest in response to the General Procurement Notice;
- Publication of IFB in national newspapers having wide circulation in all regions of country;
- Use of standard bidding document;
- Sale of bidding document to start only after publication of IFB in UNDB and national newspapers; and
- Bidding period 45 to 90 days from date of start of sale of bidding documents.
- Notification/Advertising;
- (Pre-qualification, if provided in Participation Agreement);
- Issue of Bidding Documents;
- Submission of Bid;
- Public opening of bids;
- Evaluation;
- Selection of lowest evaluated responsive bid - based on post qualification;
- Contract Award;
- Contract Performance;
- Award to be published in UNDB online/web; and
- Publication of award in Development Business
- Debriefing of bidders

### **5.3.2. Other Methods of Procurement**

The other methods specified in this section are to be adopted in situation where the following conditions hold true:

- Where ICB would not be most economic and efficient method of procurement and where other methods are deemed more appropriate.
- As provided in Participation Agreement.

The other methods are:

#### **a) Limited International Bidding (LIB)**

Essentially ICB by direct invitation to selected bidders of proven capacity cum capability from at least two different countries without open advertisement

#### **To be adopted where:**

- The amounts are small;
- There are only a limited number of suppliers of the particular Goods or Services needed.
- Same procedure as ICB except for advertisement and domestic preference, which are inapplicable.

#### **b) National Competitive Bidding (NCB):**

Competitive bidding advertised nationally for procuring Goods or Works, which by their nature or scope are unlikely to attract foreign competition. However, foreign bidders are not to be precluded from participation, Domestic preference will not be applicable.

**To be adopted where:**

- The contract values are small;
- Works are scattered geographically or spread over time;
- Works are labour intensive;
- The Goods and Works are available at prices below international market; or
- Foreign firms are not likely to be interested.

**Requirement:**

- Publication of IFB in newspapers having a wide circulation in the country;
- Bidding period 30 days to 60 days from date of start of sale of bidding documents.
- Payment in local currency; and
- If foreign firms wish to participate, they shall be allowed to do so.
- Only the model bidding documents for NCB agreed with the GOI Task Force (and as amended from time to time), shall be used for bidding.
- No special preference will be accorded to any bidder either for price or for other terms and conditions when competing with foreign bidders, state-owned, enterprises, small scale enterprises or enterprises from any given State.

**c) Shopping: *International / National***

Shopping is a Procurement method based on comparing price quotations obtained from several foreign or National proven suppliers, usually at least three, to ensure competitive prices. It is an appropriate method [a] for procuring small amounts of off-the-shelf goods or standard specification commodities for which more competitive methods are not justified on the basis of cost or efficiency.

Rate Contracts of Directorate General of Supplies and Disposals (DGS&D) are acceptable under National shopping (Rate Contracts of State Governments are not acceptable, but they can be considered as one quotation and compared with those obtained from other suppliers).

**d) Direct Contracting**

Direct contracting without competition may be an appropriate method under the following circumstances:

- Extension of existing contracts for Works or Goods awarded with procedures acceptable to Bank, justifiable on economic grounds;
- Standardization of equipment or spare parts to be compatible with existing equipment;
- Proprietary equipment;
- Award to be published in UNDB online/web.

**e) Force Account**

Force Account is construction by the use of PIU's own personnel, materials and equipment (generally limited to 10% of the cost of Civil Works) where:

- Quantities of work involved cannot be defined in advance;

- Works are small and scattered or in remote locations where mobilization costs for contractors would be unreasonably high;
- There are emergencies needing prompt attention.

#### 5.4 PROCEDURES FOR HIRING OF CONSULTANTS

The consultants are hired under the three broad areas of works, goods and services needed for a particular project. The hiring can be undertaken through competition among qualified short-listed firms in which the selection is based both on the quality of the proposal and on the cost of the services to be provided (Quality- and cost-Based Selection [QCBS]). However, there are many cases when QCBS is not the most appropriate method of selection. For complex or highly specialized assignments or those, which invite innovations, high downstream impact etc., selection based on the quality of the proposal along (Quality-Based Selection [QBS]), would be more appropriate. The procedures to be followed in all cases are given below in brief.

##### 5.4.1. *Following steps are to be taken in hiring of Consultants:*

- preparation of the Terms of Reference (TOR);
- preparation of cost estimate and the budget;
- advertising;
- preparation of the shortlist of consultants;
- preparation and issue of the Request for Proposal (RFP);
  - (i) Letter of Invitation (LOI);
  - (ii) Information to Consultants (ITC); and
  - (iii) Proposed contract;
- receipt of proposals;
- evaluation of technical proposals : consideration of quality;
- evaluation of financial proposal;
- final evaluation of quality and cost; and
- negotiations and award of the contract to the selected firm.
- publication of award in web and debriefing of unsuccessful consultants.

##### *a. The Terms of Reference should include:*

- A precise statement of objectives;
- An out line of the tasks to be carried out;
- A schedule for completion of tasks;
- The support/inputs provided by the client;
- The final outputs that will be required of the Consultant;
- Composition of Review Committee (not more than three members) to monitor the Consultant's works and procedures for; and
- Mid term review and Progress Reports required from Consultant;
- Review of the final draft report;
- List of key positions whose CV and experience would be evaluated.

##### *b) Cost estimate and the budget*

The Cost Estimates or Budget should be based on the PIU's assessment of the resources needed to carry out the assignment; staff time, logistical support, and physical inputs (for example, vehicles and laboratory equipment). Costs shall be divided into two broad categories; (a) fee or remuneration and (b) reimbursable and further divided into foreign and local costs.

### **c) Advertisement**

Advertisement in UNDB, National/International newspapers, and technical magazines is mandatory for all consultancies (seeking Expression of Interest) for all consultancies valued above US \$ 200,000.

### **d) Short listing**

PIUs are responsible for preparation of the shortlist and shall give first consideration to those firms expressing interest, which possess the relevant qualifications. The shortlists shall comprise of at least six firms with a wide geographic spread as per Guidelines for Selection of Consultants. The shortlist can comprise of entirely national consultants if the value of assignment is less than US\$ 200,000. However, if foreign firms have expressed interest, they shall not be excluded from consideration. [*In these cases payment can be in the country of the PIU*]. The acceptable selection procedures are as under:

- Quality Based Selection (QBS)
- Fixed Budget Selection (FBS)
- Least Cost Selection (LCS)
- Selection based on Consultant's Qualification (QCS)
- Single Source Selection (SSS)
- Selection of individual consultants

Selection based on Consultant's qualifications is used for very small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the employer shall prepare the TOR, request for EOI and consultant's experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited for negotiating the contract.

Single Source Selection is appropriate only if it presents a clear advantage over competition:

- (a) for tasks that represent a natural continuation of previous work carried out by the firm;
- (b) where a rapid selection is essential (emergency operation);
- (c) for very small assignments (not to exceed US \$100,000); or
- (d) when only one firm is qualified or has experience of exceptional worth for the assignment.

These cases should be identified and agreed between the MoUD and IA's at appraisal and should be specified in the Participation Agreement.

Selection of Individual Consultants is resorted to when teams of personnel are not required or no additional outside (home office) professional support is required.

### **e) Request for Proposals (RFPs)**

The RFP shall include:

- a Letter of Invitation (LOI);

- Information to Consultants;
- the TOR; and
- the proposed contract

PIUs shall use the standard RFPs prepared for the SUTP.

**f) The evaluation of the technical proposals** should be done as per criteria specified in the Letter of Invitation. The evaluation report should be compiled in the format specified and forwarded to the PIU for review and comment for all prior review cases, firstly before price envelopes are opened publicly and combined evaluation is done (financial cum technical), and secondly after final selection is made following combined evaluation and before the contract is negotiated with selected consultant. The factors given in **Table 5-1** are generally taken into account for evaluation:

**Table 5-1: Technical Evaluation Factors**

Evaluation Factors		Points
Quality (Each should have a sub-criteria not exceeding three)	Experience	0 to 5
	Methodology	20 to 25
	Key Personnel *	55 to 60
	Transfer of Knowledge	5
	Nationals in key staff	10
Price (cost)	Exclusive of taxes	
Combined	Quality	75
	Cost	25

\* The individuals shall be rated in the following three sub-criteria, as relevant to the task:

- General qualifications: General education and training, length of experience, positions held, time with the consulting firm as staff, experience in developing countries and so forth;
- Adequacy for the assignment: Education, training, and experience in the specific sector, field, subject, and so forth, relevant to the particular assignment; and
- Experience in the region: Knowledge of the local language, culture, administrative system, government organization, and so forth.

### **g) Negotiations**

Negotiations shall include discussions of the TOR, the methodology, staffing, PIUs inputs, and special conditions of contract.

The selected firm should not be allowed to substitute key staff, unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment. Financial negotiations shall include clarification of the consultants' tax liability in the PIU's own country (if any), and how this tax liability has been or would be reflected in the contract.

Where QCBS procedure is followed, in the case of lump sum, contract price should not be negotiated; in the case of Time Based contracts, proposed unit rates for staff months and reimbursable shall not be negotiated (since these have already been a factor of selection) unless there are exceptional reasons. Reimbursable are paid on actuals upon presentation of receipts and hence not subject to negotiation. If client wants to fix a ceiling he should do so by indicating in RFP.

### **h) Review of the Procurement Process**

The review of the complete procurement process is a necessity and will be carried out twice during the process, once at the onset and secondly at the end of the process of hiring of consultants. It will be carried out by the World Bank of the project proposals sent to them by the PMU.

### ***i) Prior Review***

Prior review is necessary in the following conditions:

- a) Contracts for Consultancy Services valued:  
US \$ 100,000 and above for Consulting Firms;  
US \$ 50,000 and above for Individuals - at all stages.
- b) All Consultant Contracts for assignment of a critical nature regardless of value;
- c) Contract amendments valued at more than the equivalent of US \$100,000 and US \$50,000 for Firms and Individuals, respectively, or those that raise the total contract value above these thresholds;
- d) Any standard document that the IA intends to develop and use repeatedly;
  - First few contracts (say three), irrespective of value in the case of all new projects; and
  - Procurement Plan for Consultancy (reviewed annually).

Prior review would be carried out by the PMU at following stages:

- Terms of Reference
- Short List;
- RFP documents containing Letter of Invitation, Information to Consultants and Conditions of Contract;
- Evaluation report of the technical proposals;
- Report after financial / combined evaluation (with a copy of the winning proposal for information only);
- Negotiated draft contract; and
- Final Contract (to be accompanied by Checklist).

### ***ii) Post Review***

Post review covers the final contract along with appendices and copy of evaluation note/award recommendations, which should be submitted along with the Checklist. (However, Terms of Reference and Consultants contracts for assignments of critical nature will be reviewed in all cases, regardless of value)

### ***i) Publication of Award***

In QCBS/SS/CQS, award should be published in UNDB/online and in dg/Market as indicated above.

### ***j) Debriefing***

Consultants desirous of knowing why they were not selected should be debriefed.

## **5.5 IMPORTANT CONSIDERATIONS FOR PROCUREMENT PROCESS**

- Principal criteria to be followed are transparency, economy and efficiency, opportunity to all eligible bidders and encouraging development of domestic contracting and manufacturing industries.
- The model bidding documents for procurement of Works and Equipment (ICB/NCB) should be used;

fixing appropriate qualification & evaluation criteria and ensuring filling of all blanks.

- Detailed design and engineering, including soil investigation, acquisition of land for works and preparation of technical specification for equipment, to be completed before invitation of bids.
- Schedule of rates (based on which estimates are prepared) should be updated regularly taking into account realistic data based on the construction methodology to be used, current market prices for materials and labour, and reasonable contractor's profit.
- Bill of Quantities should have a separate schedule for those general items, which are not covered in analysis of rates adopted for estimation.
- Bidders may quote speculative/non-competitive prices for items with zero quantity in BOQ, as this will not affect the bid evaluation. Hence no item with nil quantity should be included in BOQ.
- Except with the prior concurrence of the Bank, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder;
- Extension of bid validity shall not be allowed without the prior concurrence of the Bank
  - (a) For the first request for extension if it is longer than four weeks; and
  - (b) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by Bank only in cases of circumstances beyond the control of the Purchaser / Employer):
- Re-bidding shall not be carried out without the prior concurrence of the Bank. The system of rejecting bids outside a pre-determined margin or "bracket" of prices shall not be used in the project
- Rate contracts entered into the Directorate General of Supplies & Disposals will not be acceptable as a substitute for NCB procedures. Such contracts will be acceptable however for any procurement under Shopping procedures;
- Two or three envelop system will not be used.

**(a) Bid Security:**

- A fixed amount usually 2 to 5% for Goods and 1 to 3 % for Works [For small value purchases and in some specific cases, where bid security is considered not essential, for example in vehicles it could be dispensed with] [*a system of self declaration by bidders under which a winning bidder who does not sign the contract becomes ineligible for bidding for a specified period is provided in the new Guidelines as acceptable alternative*].

**(b) Performance Security:**

<u>Works</u>	<u>Goods</u>
5% of contract price	5 to 10% of contract price

**(c) Retention Money:**

<u>Works</u>	<u>Goods</u>
5% of contract price (50% to be retained till completion of the whole of the works and 50% to be retained till the end of defects liability period)	Nil

- (Bank guarantees submitted by bidders/contractors/suppliers should be unconditional and be in the specified formats. Bid and performance securities of Joint Ventures should be in the name of all partners in the Joint Venture submitting the bid).
- Sample bidding documents should generally avoid submission of samples along with bids by bidders as this requirement discourages competition and increases the bid prices. Alternatively bidders should be requested to confirm that their product meets with the required specifications and in support attach

appropriate test certificates from recognized testing laboratories.

- No filtration in the sale of bidding document. It should be sold and made available by mail as well, to all whosoever pays the required fee and requests for it.
- Where Bidders are not pre-qualified, minimum post qualification criteria should be clearly specified in the bidding document and enforced.
- Contractors should be made responsible to provide all materials including Cement and Steel etc.
- Minimum bidding period for NCB -30 days and ICB -45 days (from the date of publication of IFB in press /UNDB or the date the documents are made ready for sale, whichever is later).
- Bidding documents should be made available for sale till a day prior to the last date of receipt of bids. The time for the public bid opening should be the same for the deadline for receipt of bids or promptly thereafter (to allow only sufficient time to take the bids to the place announced for public bid opening).

Bidders could submit their bids either by post or in person on any day during the bidding period. Bids should be received only at one place and should be kept in safe custody till the stipulated time of opening.

### Publicity of Bid Notices

<u>ICB</u>	<u>NCB</u>
- UNDB online and dg Market publication	--
- Copies to bidders who have expressed interest in response to the General Procurement Notice.	Copies to bidders who have expressed interest.
- Publicity in the national press having a wide circulation in all regions of the country.	Publicity in the national press having a wide circulation in the country.
- For large, specialized or important contracts, publicity in well known technical magazines, newspapers and trade publications of wide international circulation.	--

- No preference to any bidder or class of bidders, either for price or for other terms and conditions.
- Two or three envelope system is un-acceptable.
- All bids received should be opened and read out at the time of bid opening which should be immediately after the dead line for submission of bids. **No bid should be rejected at bid opening except for late bids, which shall be returned unopened to the Bidder.** Minutes of bid opening must be prepared and one copy forwarded to the PMU for information for any further necessary action.
- No negotiations.
- Evaluation of bids should be made strictly in terms of the provisions and criteria disclosed in the bidding document. Evaluation report should be drafted on the suggested format.
- Single bids should also be considered for award if it is determined that publicity was adequate, bid specifications/conditions were not restrictive or unclear and bid prices are considered reasonable.
- Award should be in favour of the lowest evaluated responsive bidder, who is determined to be qualified to perform the contract satisfactorily.
- Evaluation and award decision of bids including the PMU's./ World Bank's review should be completed within the initial period of bid validity. An extension of bid validity, if justified by exceptional circumstances shall be requested in writing from all bidders (of valid bids only) before the expiration date. The extension shall be for the minimum period required to complete evaluation, obtain necessary

approvals and award of contract. In the case of fixed price contracts the bid validity period may be extended a second time only if the bidding documents or the request for extension shall provide for appropriate adjustment of the bid price to reflect changes in the cost of inputs for the contract over the period of extension. Such an increase in the bid price shall not be taken into account in the bid evaluation. In the case of prior review contracts, PMU's prior approval will be required for (i) a first extension of the bid validity period if the period of extension exceeds 4 weeks; and (ii) any subsequent extension of bid validity period.

- If there is undue delay in awarding the contract, PMU may consider declaring the same as mis-procurement.  
(To ensure the above, the necessary streamlining of the systems and procedures should be discussed and agreed during appraisal).
- For works valued Rupees ten million and above the construction method(s)/program and quality control details submitted by the bidders in response to Clause 5.5.3 should be examined for acceptability before finalizing award recommendation; this should be attached to the contract agreement for facilitating monitoring during implementation.
- The system of rejecting bids outside a predetermined margin or bracket of prices will not be used. Rejection of all bids, irrespective of value, should be referred to the Bank for review and issue of no objection [Rejection is permitted only if the lowest bid is much higher than available budget resources]. Format for seeking no objection of Bank provided separately.
- In the case of rejection of bids due to submission of collusive (unreasonably high) prices, bidders must be requested to furnish breakdown of unit rates providing justification for higher bid prices. If this justification, after review, is determined rational, contract should be awarded to the lowest evaluated responsive bidder. If not, these bidders must be declared as ineligible in the rebid for that contract.
- In the case of civil works splitting in award of contracts shall not be carried out. When two or more bidders quote the same lowest price, an investigation should be made to determine any evidence of collusion, following which:
  - i) if collusion is determined, the parties involved should be disqualified and the award should then be made to the next lowest evaluated and qualified bidder; and
  - ii) if no evidence of collusion can be confirmed, then fresh bids should be invited after receiving the concurrence of the PMU.
- Under ICB/NCB bids should not be invited on the basis of bidders quoting a percentage premium or discount over the estimated cost of the employer.
- During execution of contracts, all material modification or waiver of the terms and conditions of contract or material extension of stipulated time or change order which would increase the contract cost by over 15% should be reported to the Bank in the prescribed format as per **Appendix 5.4 and the same shall be subject to prior review by the Bank in case of contracts subject to prior review by the Bank**
- Repeat order system (in vogue with government) is not acceptable.
- In all contracts for works (civil as well as supply / erection), the adjudicator / technical expert or Dispute Review Board should be in position / constituted immediately on signing of the Contract Agreement.
- Results of award should be published in Development Business and Gateway for ICB/LIB and Direct Contracting and unsuccessful bidders, who seek, should be debriefed.
- Review of Contracts (thresholds will be fixed in Participation Agreement/ Procurement Plan)

Prior Review will consist of review of:

- invitation for bid;
- bidding documents;
- minutes of pre-bid conference;

- bid evaluation report (suggested format included in the Procurement Procedures brochures); and
- final contract(s) with checklist (format of checklist included in the Procurement Procedures brochure)
- Procurement plan

Post Review will consist of review of final concluded Contract(s) with checklist and supporting documents for all other cases.

# ***Chapter 6. Contract Management***

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## **6.1 INTRODUCTION**

Each State and each Implementing Agency have some guidelines for the management of contracts. For the purpose of uniformity in content and quality of tasks required for effective management of contracts under the SUTP, this chapter outlines the various aspects that need to be addressed by the project management setup proposed at the national and city level.

Since the aspects discussed herein are not exhaustive, specific issues which need to be considered and have not been addressed here are to be dealt with on a case by case basis with the PMU and the PIU.

## **6.2 PARTIES TO THE CONTRACT AND RESPONSIBILITIES**

The parties to the contract are the Employer and the Contractor. The Employer is the Implementing Agency and the Contractor is the agency selected to execute the project. The Project Manager (PM) of PIU shall be the authorized representative of the Employer to manage the contract.

### ***6.2.1. Responsibilities of the Project Manager***

The PM, PIU shall be responsible for defining the scope of the work, setting the standards to which the work shall be constructed and completed, providing possession of site to the Contractor, making payments, approving any variations or design changes, coordination with other government agencies and getting clearances from all concerned, administering the contract, inspection of plant, materials and workmanship, making measurements of quantities as work proceeds and making engineering decisions where ambiguities or unforeseen circumstances occur. He will act impartially, give proper and timely advice to the Employer/Contractor to enable corrections during execution, and give reasons for his recommendations and decisions when called by the Employer. He will keep proper records including those for quality, inspection, rejection or acceptance of work, and make available such records as may be called for by the Employer.

### ***6.2.2. Responsibilities of the Contractor***

Contractor shall be responsible for construction methods, provision of competent and experienced personnel, supply and organization of labour, job safety, traffic management, environmental management and mitigation including clean-up operations construction-related quality assurance and quality programmes, compliance with all laws relevant to the work, and overall completion of the Contract Works. He will keep proper records including those for quality, inspection, rejection or rectification of work

## **6.3 OBTAINING CLEARANCES**

The PM, PIU shall also pursue with the following departments for requisite clearances so that the progress of work is not impeded and incidence of delay claims by the contractor is avoided.

- Ministry of Environment and Forests for environmental clearance;
- Forest Department – Clearance and Permission under Forest Conservation Act for diversion of forest

- land and tree cutting and compensatory afforestation;
- State Mining and Minerals Department for mining of earth and stone;
  - Archaeology Department for clearance with respect to protected monuments and archaeological structures;
  - Industries Department for blasting permission, if required;
  - Public Health Engineering Department and or Local Authorities such as Corporations/ Municipalities for relocating water supply and sewer pipe lines, community hand pumps etc.;
  - Telecommunication Department for re-locating telephone lines and poles;
  - State Electricity Boards for shifting or removing of electricity poles, lines etc.;
  - Optical Fibre Cable Service (OPC) providers for cables;
  - District Administration, for Rehabilitation and Resettlement (R&R) of persons affected by the project and Land Acquisition;
  - Police Department for traffic control;
  - Village Panchayats, Affected Communities/ Individuals for shifting of religious structures
  - Ministry of Petroleum for adjustment in the sites of petrol pumps and gas lines; and
  - Railways, for conversion of level crossings into ROB/RUB, and laying of project needed railway sidings.

#### **6.4 COMMENCEMENT OF CONTRACT**

After signing of Contract, the following steps shall be taken:

- (a) The PM PIU instructs the Contractor to commence the works;
- (b) The Contractor, within the stipulated time, submits to the PM PIU for his approval:
  - (i) programme of work in such form and detail as the PM PIU prescribes;
  - (ii) Methods statement which the Contractor proposes to adopt for execution of the Works; and
  - (iii) Quality Assurance Plan
- (c) The PM PIU provides to the Contractor total or partial possession of site.

#### **6.5 MANAGEMENT OF WORKS**

##### **6.5.1. Work Programme**

The Contractor will, within the specified period, prepare work programme for submission to and approval of the PM PIU. The programme should show the proposed order of work and dates for commencement and completion of various stages. The programme should include Bar Charts showing proposed month-wise execution of quantities of principal items of work; and Critical Path Method/PERT analysis of various activities from start to completion.

The programme shall:

- (a) Set 'Deadlines' or 'Contractual Milestones' to facilitate monitoring of the progress of work.
- (b) be comprehensive and complete so as to include all activities required under the contract.
- (c) be properly sequenced and realistic;
- (d) be based on the resources and equipment deployed and their efficiency;
- (e) be related to the site conditions;
- (f) be able to show variations of output due to seasons if applicable and ;
- (g) be designed to provide for periodic updating.

### **6.5.2. Methods Statement**

The Contractor shall provide a general description of the arrangements and methods he proposes to adopt for the execution of the works for approval of PM PIU. Apart from regular work items these should include environment management plan during construction stage and traffic diversion/management as temporary measures during work execution.

These methods statement shall be written in the form of various steps in the required sequence, supplemented by sketches where necessary, and shall be self-explanatory. No change shall be made by the Contractor from the approved procedures without first obtaining the approval of the PM PIU to the proposed changes.

The consent of the PM PIU to the Programme and Methods Statement does not relieve the Contractor of his contractual responsibilities.

### **6.5.3. Quality Management**

*General:* Quality Management Plan to be adopted by the Contractor should describe how control of quality is to be achieved by proper implementation of procedures, method statements and works instructions. The contractor's quality programme shall provide for inspection to be carried out during work execution on all the important items. This should be supported by checklists and schedules for such inspections.

*Design:* Where contractor designed items are required, the suggested procedures shall be written and got approved by the PM PIU. These should cover design criteria, the process of design, and design checks. The procedures will be structured to comply with relevant standards and codes of practice.

*Measuring and Test Equipment:* The contractor should control, calibrate and maintain all his inspection, surveying and test equipment. He should ensure that such equipment employed by his sub-contractors is, like-wise, adequately controlled.

*Purchases by Contractor:* The Contractor shall establish and maintain documented procedures to ensure that: (i) all purchased products conform to specified requirements; (ii) they are handled, stored, combined with other products, installed and used in accordance with the manufacturer's recommendations and (iii) the materials are compatible with the other products and works

*Product Identification and Traceability:* The Contractor shall maintain data and documentation that allow product identification and traceability during all stages of production, delivery and construction. The Contractor shall identify all samples and test results with the field locations to which they relate. Work under the Contract shall be subdivided into lots or discrete work areas and controlled in accordance with the PM, PIU's requirements.

*Production Control:* The Contractor shall identify all factors affecting the quality of the product, and plan the production, installation and processes to ensure that these are carried out under controlled conditions. The Contractor shall document the decisions on the requirement and content of the Technical Procedures or Process Control Plans.

*Inspection and Testing:*

a). The Contractor shall establish Inspection and Test Plans for all manufacturing and construction activities in order to verify that the specified requirements are met. The

sequence of all activities identified in the Inspection and Test Plans shall be concisely described in the process control documentation or by a process flow diagram.

- b). The PM PIU shall be given access, in conjunction with or through the Contractor, to all laboratories and other facilities used for quality control inspections and tests. The Contractor shall establish and maintain a system to ensure and demonstrate that all products or parts of products requiring inspection and/or testing are so inspected and/or tested.
- c). Frequency of testing shall be appropriate to verify conformity and shall not be less than stated in the specifications. Where no minimum frequency of inspection or testing is stated in the Specification, the Contractor shall nominate appropriate frequencies in the Inspection and Test Plan(s), to be approved by the PM PIU.
- d). Records shall be maintained to identify inspection and test status of all works under the Contract.

#### *Non-conforming Products*

- a). The Contractor shall establish an appropriate method for identification and control of all occasions where the product/work or service fails to pass any inspection or test in accordance with the deemed acceptance criteria.
- b). Where conformity cannot be achieved either by reworking or repair, the Contractor shall notify the PM PIU of the non-conformity and record it in an appropriate register. The non-conformance report will indicate the proposed disposition, calculations of any deductions, and when the disposition is to be undertaken.
- c). If surveillance or an audit by the PM PIU indicates a non-conforming product that has not been addressed by the non-conformance report by the contractor, the PM PIU will issue a non-conforming product notification.
- d). A non-conforming product/work shall neither be covered up nor be further built in unless a disposition has been accepted by the PM PIU and implemented by the Contractor.
- e). The Contractor shall review, analyse and record the cause of all detected non-conformities and develop corrective action to eliminate the cause of non-conformities. This shall include both the determination of immediate action to prevent recurrence, as well as long-term corrective action.

#### *Quality Records*

- a). The Contractor shall establish and maintain documented procedures for identification, collection, indexing, access, filing, storage, maintenance and disposition of quality records. Quality records shall be maintained to demonstrate conformance to the required quality and the effective operation of the quality system. In case of nonconformities, records of repair, rectification, retesting, inspection and acceptance shall be kept.
- b). The records shall be so stored and maintained that they are easily retrievable, and are in appropriate facilities/environment to minimize deterioration or damage, and to prevent loss.
- c). The Contractor shall make the quality records available to the PM, PIU at all reasonable times, and where requested by the latter, permit him make copies.

## 6.6 ADMINISTRATION OF VARIATIONS

### 6.6.1. Time Variation

Contractor may experience delay or disruption due to his own actions or inaction, those of his subcontractor or other suppliers, those of the Employer (IA) or the Engineer, or other causes. Such delays expose the non-performing party to various sanctions under the Contract. These sanctions include extension of time, damages or termination of the Contract. While examining the request of the Contractor for extension of time, the PM PIU shall consider all the circumstances and see whether:

- (a) Force Majeure applies viz. acts of God, adverse weather, floods etc.;
- (b) Delay is compensable (the Employer delaying payments, wanting to make changes, altering the sequence of construction; the PM PIU not giving timely decisions, or there being unforeseen site conditions etc.), which affords the Contractor both additional time and money; and
- (c) Delay is inexcusable (Contractor's own faults), which puts the full burden of responsibility on the Contractor. To determine the nature of delay, its consequences and the kind of relief available to the Contractor, the source of event, the cause and factors surrounding the delay will need to be examined. Once the delay is categorised, it should then be determined not only whether the Contractor is eligible for time extension and/or monetary relief but also whether sanctions, such as liquidated damage or default determination, can be imposed on the Contractor.

*Delay Administration:* A system should be set up whereby all delay, alleged delay, notice of delay, variations that conceivably cause delay, hindrances and obstructions, lack of possession of site etc. are recorded.

*Extension of Time (EOT) during execution of works:* EOT must not be left to the end; it should be dealt with promptly during the progress of the contract. For ongoing critical delay, there are provisions for interim EOT to be awarded. While granting EOT, the following may be kept in view.

- (a) Is there a delay to a particular work front/activity?
- (b) What/Who caused the delay? Is it eligible for consideration of extension of time?
- (c) Does the cause reasonably justify an extension of time? To qualify for an extension of time, the delay must affect an operation critical to the Contractor's completion time. Decision should be taken as the work progresses, depending on developing events and circumstances, without waiting for substantial completion. If the events are such as fairly entitle the Contractor to an extension of time for completion of Works, or any Section or part thereof, the Engineer shall, after due consultation with the PIU of the IA and the Contractor, determine the amount of such extension and notify the Contractor accordingly, with a copy to the PIU and PMU.

*EOT Final:* After substantial completion of the project i.e. at issue of Taking-Over Certificate, EOT may be reviewed, if required. The Contractor puts in his final submission, with full details and particulars. The PM PIU shall examine it, form preliminary conclusions, hold consultations

with Contractor and Employer and then submit an assessment report with recommendations, to the Employer.

*Concurrent Delays:* Concurrent delays may occur when two or more events responsible for delay overlap each other. The delays may be attributable to the Employer or the Contractor or none, and fall in the categories of excusable, compensable, or inexcusable. The eligibility for EOT should be determined by reviewing the critical paths for concurrent activities. PM PIU should see that the concurrent delays do not result in unnecessary extra extension of time.

*Action by the Employer :* The Employer shall examine the recommendations of the PM PIU, call for such information from the PM PIU as considered necessary, and ascertain whether the recommendation are acceptable or not, and convey final decision to the PM PIU.

*Authority for approval of extension of time:* Grant of EOT shall be considered and approved as by the Employer in consultation with the NPD.

*6.6.1.7 EOT to Supervision Consultants:* Where ever applicable, Employer may also simultaneously finalize grant of EoT to the Supervision Consultant. Payment, may, however, be continued to be made to the Supervision Consultant as per actual requirement of staff/deployment of staff. However, a review of the requirement of the personnel of the supervision consultant may also be carried out by the respective PIUs and submitted along with proposal for EOT.

### **6.6.2. Cost Variation**

Cost Variation means:

- (i) increase or decrease in the quantity of any work included in the Contract;
- (ii) omission of any such work (but not if the omitted work is to be carried out by the Employer by another contractor);
- (iii) change in the character or quality or kind of any such work;
- (iv) change in the levels, lines, position and dimensions of any part of the Works;
- (v) additional work of any kind necessary for the completion of the Works; and
- (vi) change of the specified sequence or timing of any part of the Works.

The variation or additional work must be a necessary part within the scope of the original works. The variation may result in additional or reduced payments to the Contractor or there may be no price change at all.

It is important to have a written procedure for the issuing of a variation instruction. Once it is decided that a variation is required, the instruction should be issued promptly to minimize any adverse effect on the overall works.

No variation shall be approved unless recommended by the PM PIU. The PM PIU should explain the Financial Implications along with detailed reasons and justification. The PM PIU should furnish the following information and details along with the proposal for cost variation.

- Vouchers and proper quotations in support of the market rates.
- Analysis of rates should be self-explanatory and supported by proper drawings.
- Recommendations given should be self-explanatory and nomenclature of the items should also be properly worded.

- Copy of analysis of rate given by the contractor.

Before a variation can be instructed to the Contractor, prior approval from the Employer and the NPD is needed, except for certain situations as may be specified in Special Conditions of the Contract.

Any change in 'Approved for Construction' drawings should be evaluated properly and its full financial implications worked out at that very stage for submission to the Employer and NPD for approval.

In case there are changes in ground levels from those shown in the approved drawings, they shall be agreed in writing, jointly by the Contractor and PM PIU. Also, PM PIU shall send a report to the Employer for considering whether any action lies against the Design Consultant for non-conformity of the levels as shown by him in the drawings and those actually obtaining.

Record of Variations: Variations Register shall be used to administer and keep track of the status of a variation. No cost variations will be entertained and will not be funded under JNNURM and have to borne by the respective cities.

Valuation of Cost Variations: Variation instructions for modified, new or additional work involving extra cost shall be valued as per the procedure set out in the relevant Clause of the Contract. Normally, the PM PIU should also take the following steps:

- Threshold level of the value/ quantity of a varied item below which a variation will not merit re-fixation of rate or price should be specified.
- form an opinion as to applicability of the rates in BOQ;
- if considered applicable, use BOQ rates;
- if not considered applicable, use BOQ rates as the basis for valuation;
- In making his recommendations, the PM PIU should give the Contractor the opportunity to state his case and, if he considers the BOQ rate to be inappropriate, to present his proposals as to how the rate should be adjusted or what basis should be used to assess a new price. For his part, the Contractor must support his submission with full particulars including, where applicable, detailed cost breakdown of any rate in the Bill of Quantities.
- in the event of disagreement, consult with Employer and decide on the revised rates.

Care should also be taken to ensure that provisions contained in the contract agreements with the Supervision Consultant and the civil work contractor are in consonance.

Authorization to approve cost variations for Individual BOQ Items:

- PM PIU: Up to **??%** of the value of individual BOQ item or **? %** of Contract value, whichever is less,
- Employer: Up to **??%** of the value of individual BOQ item or **? %** of Contract value,

Authorization to approve cost variations for new items (Non-BOQ items):

- PM PIU: Up to **??%** of the value of individual BOQ item or **? %** of Contract value, whichever is less,
- Employer: Up to **??%** of the value of individual BOQ item or **? %** of Contract value,

Overall Authorization Limits to Cost Variations

- Subject to provisions in the Contract, the PM PIU is authorized to issue cumulative variations up to a limit of **??%** of the original contract value (less negative variations/savings). The overall limit shall apply collectively on all BOQ items as well as non BOQ items and shall include all the variations issued till that point of time including those approved by the Employer. The overall limit shall be exclusive of

escalation.

- Variations beyond the above limits shall be approved by the Employer in consultation with the NPD.
- All variations approved for each contract shall be intimated by the PM PIU to the Employer and the NPD.

### **6.6.3. Payments**

The basis of all progress payments is a determination in the field of actual quantities of work that have been accomplished as stated by the Contractor in his request.

#### **6.6.3.1 Interim Payments**

If provided in the Contract, the Contractor will submit at an agreed schedule a statement in a form as prescribed by the PM PIU, claiming the amounts to which the Contractor considers himself entitled to receive for the work done. On receipt of such statement, the PM PIU shall

- Check the quantity of work actually completed as of agreed 'cut-off' date
- Make field measurements of quantities of work completed or claimed
- Make an inventory of equipment and materials delivered to site but not yet used in the work (Materials on site)
- Review of claims for extra work
- Check of retention amount and other recoveries
- Review variations, which have been approved by Employer. If not, consider provisional rates until receipt of final approval by Employer
- Prepare an Interim Payment Certificate (IPC) and forward it to the Employer for approval.
- On receipt of approval from the Employer, the PM PIU shall make the payment.

The *Final Payment Certificate* shall be issued as required under the Conditions of Contract. This shall be done when, on completion of the Defects Liability Period, the Contractor has submitted the following:

- Final statement of the value of work done by him and any further sums due to him; and
- Written Discharge confirming that the total of the Final Statement represents full and final settlement of all moneys due to him.
- Actions taken with regard to pending (if any) EMP Compliance

#### **Price Adjustments**

The PM PIU will not be bound to certify any payment if the net amount thereof, after all retentions and deductions, is less than the minimum amount of interim payment certificate, if any, specified in the Contract. Payments will be net of (i) retentions and recovery of advances at the rates prescribed in the Contract (ii) statutory deductions (works tax, income tax, others).

### **6.6.4. Records, Registers and Reports**

At each site of work, a proper 'Site Order Book' shall be maintained by PIU/Supervision Consultant. The inspecting authorities shall record their observation of site inspection in the site order book, which shall be duly dated and initialled.

Inspection notes for the inspection of the work carried out by authorized representatives of the Employer shall formally be issued indicating the quality aspect and variation ordered at site after obtaining approval of the Employer.

Review Meetings of the works may also be carried out, either at project site or at any other location by the PM PIU along with representatives of the Contractors and representatives of the Supervision Consultants. Minutes of the review meetings shall be issued and recorded.

One of the most important records to be kept by the PIU is the 'Daily Diary'. The purpose is to have information for use in the determination of claims, disputes and arbitration, should the need arise. Daily diaries will include: weather records, progress of work activity-wise, work or material rejected with reasons machinery deployed, log books of machinery, man power employed category-wise, payment record, official visits and inspections, unusual conditions, problems encountered, materials or equipment delivered to site, length and cause of any delay etc.

A daily personal diary concerning work activities/happenings should be issued to and maintained by each member of the Supervision Consultant's field staff. This book is an important and basic document and should be neatly and accurately recorded. Entries should be made very day, whether or not work was performed. Such diaries need to be checked, collected and stored.

All project office records should be kept up to date and should be maintained for ready reference at the job site during execution phase of the project. Upon completion of the work, the records should be handed over to the Employer for retention. The field office records should include: Correspondence, Drawings, Reports, Samples, Operating tests, Material tests, etc.

There are numerous other types of records that are important to log and retain for future reference. Many of the records are primarily of a technical nature. An exhaustive listing is not possible. However, some of the more important records that need be maintained are.

- Manufacturer's certificates for a product;
- Laboratory test certificates;
- field investigating reports;
- Defects/non-conformance reports

Photography and Videos should be used as evidence of site conditions before starting work, to document construction progress, technical detail, record of important events, types of materials, methods of installation, any damages such as because of flood, and similar tasks. They will also be useful aids for presentation.

On completion of the Works or Section thereof, the Contractor should furnish to the Employer 'As-Built' drawings at his own cost. Contract may have a provision that in the event of Contractor's failure to furnish the 'As-Built' drawings by the specified date, Taking-Over Certificate shall not be issued by the Engineer. The other provision could be that the amount specified in the Contract shall be withheld from payments due to the Contractor. Action should be taken by the PM PIU in accordance with the actual provisions in the Contract. 'As-Built' drawings shall be in the form of hardbound copy and soft copy.

#### **6.6.5. Completion of Contract**

Substantial Completion is that stage when the Works are complete except for minor outstanding items and minor defects which in the opinion of PM PIU:

- the Contractor has reasonable grounds for not promptly correcting;
- does not prevent the Work being used for their intended purpose, and
- rectification of which will not prejudice the safe and convenient use of the Works.

The phrase 'substantially complete' needs to be interpreted judiciously. Minor outstanding items such as surface finishes or the removal of certain types of temporary works may not prevent the use of the works. The primary consideration is whether or not the incomplete work impairs the safe and effective use, including the consequences to the Employer, and the users. Employer's decision in the matter of deciding substantial completion shall be final.

The PM PIU shall issue a 'Taking-Over Certificate' (TOC) to the Contractor when he believes the work to be substantially complete. TOC may be issued in respect of specified sections or part of the Works, which are substantially complete. On issue of TOC, the PM PIU shall send to the Employer, a complete and accurate list of any outstanding work required to be completed by the Contractor.

On issue of the TOC, the Employer shall become responsible for the operation and maintenance of the works unless the Contractor is responsible for this under the contract.

Defects Liability Period (DLP) is the period as defined in the Contract. It starts from the date of substantial completion stated in the TOC. If there are more than one TOC, then there are different Defect Liability Periods for the different sections/parts taken over.

Completion of Contract: The Contract is not to be treated complete until a Defects Liability Certificate has been issued. There will be only one Defects Liability Certificate. It will be issued when the Contractor has completed all his obligations under the Contract, viz.

- completed all the contractual works absolutely, down to the last minor item, including site clearance; compliance with all aspects of environmental and social safeguards, etc.,
- remedied all the defects for which the Contractor is responsible; and
- Fulfilled all other obligations, such as submission of approved 'as built' drawings, manuals, warranties, etc. as may have been specified.

# ***Chapter 7. Financial Management***

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## **7.1 INTRODUCTION**

In order to enable consistency and quality in managing the financial aspects of the project, this chapter outlines the operating procedures relating to financial management at the national (PMU) and the city level (PIU) implementing agencies. It includes institutional arrangements, fund flow mechanism, budgeting, accounting, auditing and reporting. The coverage is by no means exhaustive. Issues which have not been addressed here would have to be considered on a case-by-case basis by the PMU and the PIU as and when they arise during the execution of the project.

## **7.2 INSTITUTIONAL ARRANGEMENT**

7.2.1 The project will be implemented by the MoUD through a PMU at the central level and PIU at the city level.

7.2.2 To ensure consistency and quality in the financial management function across the different ULB'S, PMU will prepared a Financial Management Manual (FMM) which will consist of accounting policies/procedures, funds flow arrangements, chart of accounts and formats for books of account/reporting.

7.2.3 The PMU will bear overall responsibility to ensure that all participating Implementing Agencies meet the minimum FM criteria and they commit to maintaining the standards articulated in the FMM throughout the implementation of the project and that all financial reporting, accounting, audit and claims relevant to project expenditures are made in accordance with the project legal agreements.

7.2.4 PMU and PIU's shall appoint experienced professionals with finance background to handle the Financial Management functions. Every PIU should have at least one finance manager specific to the project. The finance manager of PIU along with the team will work in coordination with FM specialist at PMU. All the staffing process will be completed before commencement of the actual execution.

7.2.5 The PMU will organize a training session on financial management for PIU Finance Managers before the commencement of the project.

## **7.3 BUDGETING**

7.3.1 The costs related to GOI's package will be budgeted as an identifiable single budget line item in the budget of MOUD, under the head "....."

7.3.2 Annual work plans as described in approved DPR and associated procurement plans will be submitted by all PIU's to PMU at the beginning of every year based on which the PMU will recommend release funds to the PIU in advance. The PMU will prepare a consolidated work plan for the year after including work plan for activities at the national level.

7.3.3 Each implementing agency will monitor expenditure against its own budget; the PMU and MOUD will carry out overall monitoring of project budget.

7.3.4 From a financial management perspective, the project is expected to require quarterly reviews looking at internal controls, fund flows, auditing arrangements, and issues relating to decentralized locations. This will be through a combination of desk reviews and field visits. Special focus will be given to compliances of the budgets and work plans submitted with strict adherence to the FMM.

## 7.4 ACCOUNTING

7.5.1 Accounting for the project will be carried out on accrual basis of accounting. Expenditures will be recorded at the time of payments, and all transfers from the National PMU to downstream implementing agency will be recorded as advances until payment of expenditure.

7.5.2 All payments to contractors, consultants and suppliers shall be considered as expenditure, other transfers shall be considered as advances.

7.5.3 All sources of funds and all expenditures, advances will be reflected in the Entity Financial Statements. All commitments will also be reflected in Entities financial statement.

7.5.4 A register of fixed assets indicating assets created/acquired through the project will also be maintained which gives information relating to quantity and location. Further it will require reconciliation with financial books on periodic basis.

7.5.5 Inventory records of the material purchased will be maintained and the PIU will undertake monthly reconciliation with financial books.

7.5.6 Particular attention will be given to maintenance of works and contractor's registers.

7.5.7 The PMU will prepare Annual Financial Statements (AFS) for the project based on consolidation of expenditure reports by downstream implementing agencies. Project AFS will comprise the following:

A. Statement of sources and Application of Funds.

B. Schedules Annexed to Project Financial Statements:

- A statement showing appropriate major heads of expenditure
- An annual statement listing Internal Un-audited Financial Reports (IUFR) based withdrawal application (by specific reference number) and audited Statement Sources and Uses of funds.
- Statement of commitments by implementing agency

C. Significant Accounting Policies and explanatory Notes as defined in the FMM.

The accounting package used by the PMU for compilation of the ULBs accounts should have the data security feature.

## 7.5 FINANCIAL REPORTING

7.6.1 The PIU will submit Monthly IUFR to PMU in pre- agreed formats. The IUFR will broadly consist of the following:

- Total expenditure, respites and other items defined in the format incurred under the different heads.
- Total commitments of ULB as on month end.
- Comparison of the budgets vs. actual expenditure
- Action taken report for the internal audit report for the previous month or Quarter.

7.6.2 The PMU will consolidate the IUFR of all Implementing agencies which will be the basis of disbursement. The PMU will recommend the disbursement to IAs on the basis of IUFR along with the agreed reports as this will ensure discipline in maintenance of expenditure report.

## 7.6 INTERNAL CONTROL AND INTERNAL AUDIT

Internal control will be needed both at PMU and PIU level.

**PMU:** The FMM will include control procedures such as procedure for sanction of proposals, system of release of funds by the PMU (conditions to be satisfied and documentation required), and controls to be exercised for payments at the level of the downstream implementing entities.

**PIU:** Most of the PIU's have been formed under the Municipal act of the states. The Act has defined the authorization limits and process very well. In such case the authorization process will be followed as described in Municipal Act. At the same time system and processes defined in FMM will also be followed.

The Internal Audit function under the project shall be entrusted to a single firm of Chartered Accountants (CA) for all IAs and PMU on quarterly basis. The terms of reference of Internal Auditors will be agreed by Appraisal and will be drawn up in accordance with the International Institute of Internal Auditors. The proposed terms of reference for carrying out the assurance review for the auditor are as follows:

- evaluate the internal control environment;
- review the accuracy, timeliness and relevance of the financial and other information that is provided to PMU by PIU's;
- examine the manner risks are identified and managed;
- recheck a sample of transactions to examine their processing, supporting documents, accounting and reporting steps;
- monitor the compliance with the applicable accounting standards and procedures applicable under the Financial Management Manual for accounting of transactions;
- examine whether the funds are being used for the purposes intended and report on the lack of compliance of each financial covenant in the relevant financing agreement;
- broadly validate the assets are used for the purpose they were acquired for, and perform or observe physical verification of assets;
- assess the extent to which assets have been safeguarded against any impairment, damage or loss;
- identify cases of extraordinary delays in payments, duplicate payments and other irregularities, as the case may be;
- examine the grievance redressal procedures both as designed and as practiced, and recommend an efficient process to clear all pending payments / returns;

- assess the adequacy and efficiency of HR processes and identify any major shortcomings having significant impact on staff's ability to optimal performance;
- check whether the procurement procedures outlined in the project procurement manual;
- make recommendations on the systems, procedures and contracts reviewed and report on the findings and recommendations;
- monitor management's response and implementation and follow-up to determine adequacy of corrective actions; and
- other assurance-review activities as may arise.

An audit Committee will be formed to review the Internal Audit function i.e. internal audit reports and their compliances. The Audit committee will submit a report on the internal audit to Steering committee on quarterly basis. The audit committee shall have minimum three members. Two-thirds of the members of audit committee shall be independent person. At least one member shall have accounting or related financial management background.

## 7.7 FUND FLOW

The initial advance to start the project implementation activities will flow from the budget of MoUD to participating agencies subject to their meeting minimum FM eligibility requirements set out above. Subsequent tranches will be based on the reimbursements of actual expenditures reported in six monthly IUFR which will be reconciled annually with audited AFS and any ineligible expenditure will be recouped.

The AFS for the project will be maintained by the PMU based on consolidation of expenditure statements submitted by downstream implementing agencies. AFS will be maintained on modified accrual accounting. Accounting centres will maintain separate cash based financial statements with disclosures of commitments for the project. A single consolidated annual audit report will be submitted to the Bank by the PMU. The audit will be carried out by auditors acceptable to the Bank (either a firm of Chartered Accountants or the C&AG), based on a ToR agreed with the Bank.

The Government of India (GoI) will open a Special Account (SA) in Reserve Bank of India to receive disbursements from the World Bank. The initial SA advance from the Bank will be based on forecasted cash flows for 6 months. Thereafter all disbursements will be based on six monthly IUFRs which will report actual expenditures made by different entities and consolidated at PMU. These six monthly IUFRs will be reconciled with Audited Annual Financial Statements and all ineligible expenditures will be recouped from subsequent disbursements. An indicative disbursement schedule will be as follows:

Expenditure Period	IUFR Due	Disbursement	Audit Due	Adjustment	GOI Financial Year
April 08-Sept 08	Nov 08	April 08 (Advance)	Sep 09	June 10	2008-09
Oct 08-Mar 09	May 09	June 09	Sep 09	June 10	2008-09
Apr 09- Sept 09	Nov 09	Dec 09	Sep 10	June 11	2009-10
Oct 09 - Mar10	May 10	Jun 10	Sep 10	Jun 11	2009-10

Apr 10-Sept 10	Nov 10	Dec 10	Sep 11	Jun 12	2010-11
Oct 10-Mar 11	May11	Jun 11	Sep 11	Jun 12	2010-11
April 11- Sept 11	Nov 11	Dec 11	Sep 12	Jun 13	2011-12
Oct 11- Mar 12	May 12	Jun 12	Sep 12	Jun 13	2011-12
Apr 12-Sept 12	Nov 12	Dec12	Sep 12	Jun13	2012-13

### 7.7.1. Fund Flow for component 2

The component 2 of the SUTP consists of nine demonstration cities. As decided by the Planning Commission and DEA, this component will be under state sector, i.e. after receiving endorsement for the proposed projects from the MoUD the funds will be transferred directly to the state government. The proposed fund flow for the component is through three sources:

- Gol – NURM Funds
- GEF grant through World Bank
- World Bank Loan

#### **Gol – NURM Funds**

All the cities selected under this component except Jalandhar are NURM cities; therefore major source of funding for these cities would be from JnNURM as per their prescribed norms and procedures. As per the NURM guidelines, the implementing agency will submit the request to the State Level Nodal Agency (SLNA) for funding. The SLNA will review the request and forward it to the MoUD, which will then put it up to the Central Sanctioning and Monitoring Committee (CSMC). Once endorsed by CSMC, the request for release of fund is then sent to MoF which directly transfers the funds to SLNA, which then in turn passes it on to the IA (**Figure 7.1**).

#### **GEF Grant – World Bank/ World Bank Loan**

To seek the GEF grant or World Bank loan, the implementing agency will have to send a request to the state government which would forward it to MoUD. The Ministry would review the request and forward it to MoF with its endorsement. The MoF will release the funds directly to the state government, which will pass it on to the IA.

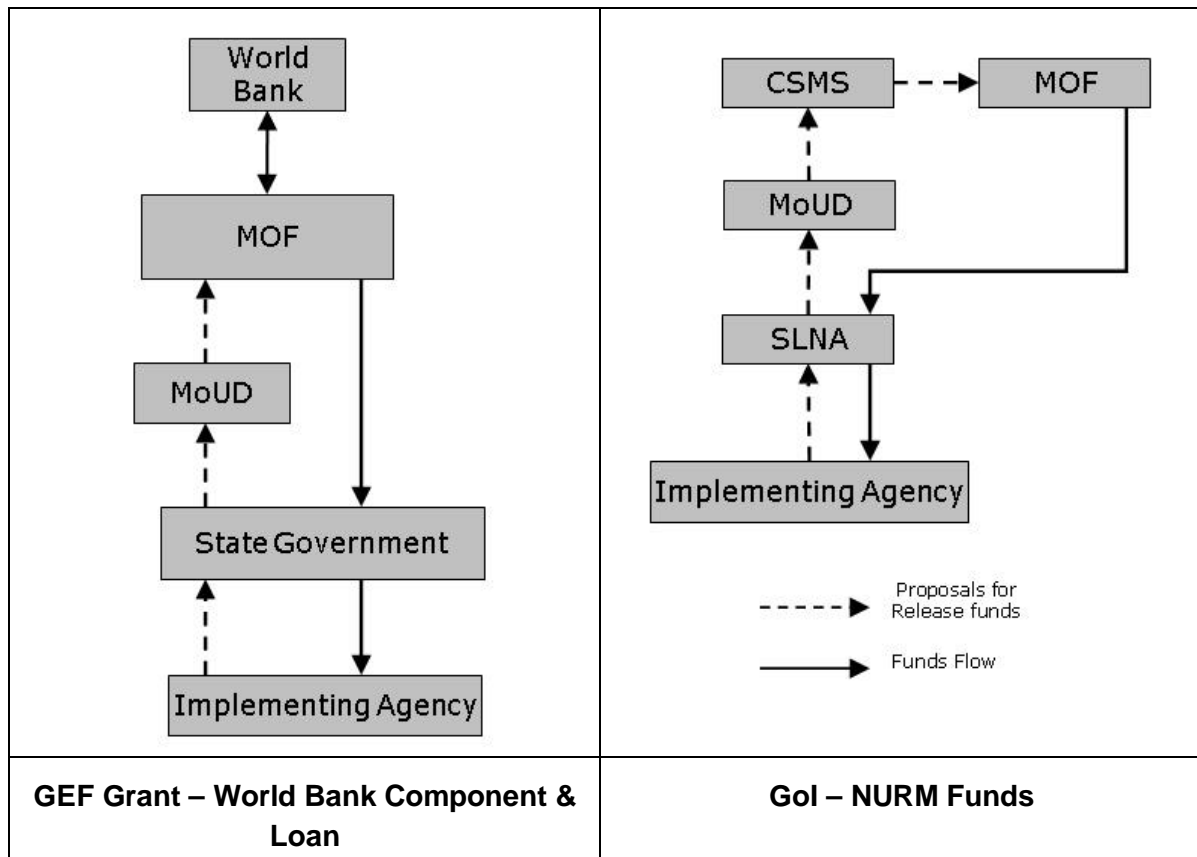


Figure 7-1: Fund Flow for Component 2

# ***Chapter 8. Monitoring and Evaluation***

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## **8.1 MONITORING AND EVALUATION FRAMEWORK**

Monitoring and Evaluation (M&E) of projects provides funding agencies, implementing agencies, governments and civil society with a means for learning from past experience which in turn would enable better performance, improve quality, plan and allocate resources in a cost effective manner and get better results.

M&E is required for two purposes. The first is for the M&E of project implementation while the second is for the M&E of project outcomes. In either case, M&E has to be done using a set of performance indicators.

## **8.2 PERFORMANCE INDICATORS**

Performance indicators are measures of inputs, processes, outputs, outcomes, and impacts for projects and programs. When supported with sound data collection—perhaps involving formal surveys—analysis and reporting, indicators enable project managers to track progress, demonstrate results, and take corrective action to improve service delivery. Involvement of key stakeholders in defining indicators is important because they are then more likely to understand and use indicators for management decision-making.

## **8.3 M&E OF PROJECT IMPLEMENTATION**

During implementation, each PIU shall monitor and evaluate progress and results against a work plan and results framework. The PIU team members should meet at least once every month to review the progress in implementing the detailed work plan developed at the commencement of the project/program. The specific aims of these meetings would be to monitor timelines and expenditures in the completion and delivery of scheduled activities and outputs respectively, and highlight exceptions. At these meetings Managers of ongoing contracts awarded to implement various components, should submit a report on:

- Proportion of scheduled activities that were commenced and completed on time.
- Proportion of scheduled expenditure incurred for the activities undertaken
- Details of activities that were started or finished late
- Problems that were experienced or are anticipated and proposed remedial actions
- Major activities planned for the next month.

Each PIU shall send a monthly progress report to the PMU summarizing the above aspects.

## **8.4 M&E OF PROJECT OUTCOMES**

The Project Information Document (PID) for this project contains a simplified results framework, which sets out the expected linkages between project/program interventions, and the Project's/Program's Development Objective (PDO). This framework delineates outcome and output indicators for each PDO and associated intermediate outcomes. PIUs shall use the PID identified indicators to monitor and evaluate the project outcomes. To avoid collecting redundant, or, an excessive volume of under utilized data, indicators should:

- Correspond to the PDO/intermediate outcome/output

- Be credible
- Be derived from reliable data that is currently or can be easily collected
- Be straightforward.

Each indicator should have a baseline and target values. A baseline value represents the value of the indicator prior to implementation of a project/program. All PIUs should establish the baseline values prior to project implementation. Target values as expected in the PDO shall be the basis for monitoring, evaluating and reporting performance over time through the collection of time series data. The PIU should periodically review targets for reasonableness, and where necessary revise them and submit it to PMU by the 7<sup>th</sup> of every month.

Baseline and time series data can be collected through a variety of methods including mining existing data repositories, rapid appraisal methods, surveys, expert panels, key informant interviews, extraction from other data sources, ad hoc studies etc. Each method has its advantages and disadvantages with respect to data quality and collection cost. Formal data collection methods (e.g., large-scale random sample surveys) typically deliver excellent quality data, but, the cost of data collection is high. Informal methods (e.g. key informant interviews) typically produce low quality data but also cost much less.

## 8.5 DATA COLLECTION AND REPORTING

Each PIU shall procure the services of a competent agency through appropriate procurement process to monitor and evaluate the outcomes of the project. It would be necessary for the PIU to provide the terms of reference for such services. This would specify how, where and when baseline and time series data is to be collected, collated, analyzed and presented. A sample term of reference for such M&E service is given in the **Appendix 8.1**.

## 8.6 PUBLIC PARTICIPATION IN M&E

The PIU should prepare quarterly reports which narrate the activities completed, and outputs and outcomes delivered by the program highlighting successes; constraints; and whether planned targets were achieved or otherwise. This should be presented on a component-by-component basis. In addition to its own findings, the PIU could also rely on external evaluations to mitigate any risks associated with not meeting the PDO. Such independent evaluators could advise on:

- Whether the project's/program's essential elements are in place
- Whether the PDO and other targets are likely to be met
- The impacts of any unexpected developments that have taken place since project initiation
- Impact on project/program beneficiaries and whether positive impacts can be sustained
- Steps to be taken to enhance the project/program benefits as implementation progresses.

The PIU should establish a Management Information System (MIS) - preferably a computerized system - which can be used to store baseline and time series data, and generate reports. Such reports should be available for public access on a website created for this project and feedback received should also be published.

## 8.7 MONITORING AND REPORTING OF ESMF

Implementing agency in each of the states where there is a single project and the corresponding agency for each project in case of multiple projects will be responsible for monitoring and

reporting at project level to the state level implementing agency or the Project Implementation Unit. The PIU would in turn report to the Project Management Unit at the centre.

An officer in PIU shall be designated as the Environment & Social Safeguards officer to ensure compliance of the project activities with the World Bank safeguards as well as oversee implementation of environment and social provisions as per the ESMF, EMP and RAP where applicable. The objectives of Monitoring and Evaluation include:

- Project management and timely completion;
- Successful completion of Environmental management, R&R activities identified in the EMP and R&R plan as per the implementation schedule;
- Compliance with the Environmental policy, R&R policy and entitlement framework.

The safeguards officer shall play a key role in reporting the progress of implementation as well as compliance to the PIU, PMU and the World Bank. Reporting system recommended in the ESMF needs to be adopted with due modifications specific to the project. The aspects to be monitored are presented below:

- For R&R activities: - Notification of Land Acquisition, Land Value Assessment, Census Survey Notification, Socio-economic profile, Relocation plan for common property resources & cultural property and Grievance Redressal
- For EA activities: - Air Quality at Sensitive Receptors, Noise Levels at Sensitive Receptors, Surface Water Quality Rivers in the vicinity of project areas, Benefits and Survival Rate of Plantation

# ***Chapter 9. Information Management and Disclosure Policy***

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Information management and disclosure of information about the project is a requisite for all World Bank supported projects. All people residing in the project area have the right to be informed of the proposed development project in their respective areas. Therefore, prior to project implementation and after it the all the development works along with relevant information should be disclosed to the concerned officials and the general public at large.

## **9.1 INFORMATION MANAGEMENT**

Augmentation of the level of use of Information and Communication Technology (ICT) for information management in the IA's shall be addressed through implementation of computer based information management systems. This will help in better management and implementation of the SUTP. Modernization of business processes and management information systems would be carried through creation and implementation of technical, financial and operational management capacity using computer based MIS systems. The PM PIU will have the added responsibility to work as the Information Officer for the SUTP and to the lead the MIS Team in the IA. He will be supported by all the other members of the PIU and other officers from the IA in carrying out his work.

## **9.2 DISCLOSURE POLICY**

Government of India has recently passed the Right to Information Act (RTI), 2005, which became operational across India from October 12, 2005. It encourages *suo moto* disclosures and universal access to information wherever in the public interest. The Act requires that records be maintained and be available to the public. Compliance with the Act is required for all public entities.

As per RTI 2005, the PMU at the national level, the implementing agency and the PIU at the city level should agree to take specific actions to further enhance governance and accountability in the following key areas:

- Enhanced disclosure of information and full implementation of the recently enacted RTI, which will facilitate overseeing by the stakeholders and the general public and thus result in increased accountability.
- Development of a functioning, independent, and credible system to deal with external complaints on procurement, fraud/corruption and construction quality with clearly defined incentives and remedies.
- Strengthened Monitoring Indicators to help the PMU, IA and the PIU to monitor compliance with the agreements and assess impact on outcomes.

This Disclosure Policy is intended to ensure that information concerning SUTP activities will be made available to the public in the absence of a compelling reason for confidentiality. The importance of information disclosure to the public cannot be under estimated. As a custodian of public funds, IA is directly accountable to its Board of Directors and indirectly accountable to the State Government.

Information shall be provided in a timely and regular manner to all stakeholders, affected parties, and the general public. Access by the public to information and documentation held or generated by IA will facilitate the transparency, accountability, and legitimacy of IA as well as operations overseen by it.

As a part of its disclosure policy, all documents shall be made available to the public in accordance with relevant provisions of the RTI Act, except when otherwise warranted by legal requirements.

The designated Information Officer or in his absence his sub-ordinate shall be responsible for ensuring timely and complete dissemination in accordance with this policy.

The following general information on the SUTP shall be posted at the IA website:

- The MOU and information regarding the SUTP, along with amendments if any.
- The name of the members of the PIU for SUTP.
- Minutes of the all the meetings held in relation to SUTP implementation.
- The powers and duty of PIU officers and employees as well as their salaries.
- The Operational Manual for the SUTP.
- The audited Annual Accounts and Report, including service delivery performance indicators, as approved by the IA Board.
- The Three Year Rolling and Following Financial Year Work Program for the PIU, as approved by the IA Board.
- The names, designations and other particulars of the Public Information Officers and Assistant Public Information Officers.
- The means for submission of complaints on procurement, fraud/corruption and poor quality services provided by the PIU set up for SUTP.

The Table 9-1 specifies the type of additional information and frequency of dissemination for projects which are financed either from domestic or donors' funds. In addition to the information specified in the table, the following information shall be displayed / disseminated for all the projects undertaken by PIU in relation to the SUTP:

- Public information kiosks shall be set up at the IA where all type of project specific information shall be displayed.
- Project Information brochures about SUTP, its related work in the city and the progress of the work shall be made available to general public.
- Reports and publications, as deemed fit, shall be expressly prepared for public dissemination.

### **9.3 INFORMATION DISCLOSURE FOR ESMF**

Disclosure Policy is intended to ensure that information concerning the SUTP activities will be made available to the public in the absence of a compelling reason for confidentiality. Information shall be provided in a timely and regular manner to all stakeholders, affected parties, and the general public. Access by the public to information and documentation held or generated by MoUD and implementing agencies will facilitate the transparency, accountability, and legitimacy as well as operations overseen by it. As a part of its disclosure policy, all documents shall be made available to the public in accordance with relevant provisions of the RTI Act, except when otherwise warranted by legal requirements. A designated Information Officer or in his absence

the PD shall be responsible for ensuring timely and complete dissemination in accordance with this policy. A computer based information management systems shall be employed to disseminate information pertaining to the project on the MoUD website.

The following information shall be displayed / disseminated for all the projects undertaken by MoUD.

- Project specific information need to be made available at each contract site through public information kiosk
- Project Information brochures shall be made available at all the construction sites as well as the office of implementation agency and the office of Engineer in charge.
- Reports and publications, as deemed fit, shall be expressly prepared for public dissemination e.g., English versions of the EA, EMP, SA, RAP, Executive Summary of project documents, Executive summary of the project documents in local language etc.,

**Table 9-1: Information Disclosure Requirements for Projects as per RTI 2005**

Topic	Documents to be disclosed	Frequency	Media
Resettlement, Rehabilitation and Land Acquisition	Resettlement Action Plan (RAP)	Once in the entire project cycle. But to remain on the website and other disclosure locations throughout the project period.	*World Bank's Info shop. IA's website. Deputy Commissioner's Office State and District Libraries Project Implementation Units (PIU)
	Resettlement & Rehabilitation Policy translated in local language	Once in the entire project cycle.	Distributed among Project Affected Persons (PAP)
	Information regarding impacts and their entitlements	Once at the start of the project and as and when demanded by the PAP.	Through one-to-one contact with PAPs. Group Discussion. List of PAPs with impacts and entitlements to be pasted in the PIU and website of IA.
	R&R and LA monthly progress report.	10th day of every month	Website of IA. Project Implementation Units (PIU)
	RAP Impact Assessment Report (x 2)	After substantial completion of each phase	IA's website.
	Land Acquisition notifications	As required under the LA Act	State Government Gazette IA website
	Grievance redressal process.	Continuous process throughout the project cycle.	*World Bank's Info shop. IA's website. Deputy Commissioner's Office Project Implementation Units (PIU) One to one contact with PAPs.
Public Consultation	Minutes of Formal Public Consultation Meetings	Within two weeks of meeting	IA's website. Project Implementation Units (PIU)
Environment Management	Environment Screening Report along with translation of Executive Summary in local language	Prior to awarding works and to remain on website until end of Defect Liability Period	<ul style="list-style-type: none"> <li>• World Bank's Info shop.</li> <li>• IA's website.</li> <li>• State and District Libraries</li> <li>• Construction site / campus.</li> <li>• Info Kiosk</li> </ul> Project Implementation Units (PIU) Note: One time activity
	Environment Assessment Report along with translation of Executive Summary in local language		
	Environment Management Plans along translation of Key Actions in local language		
	Biodiversity Assessment Report		
	Bioengineering Report		
Quarterly Progress Reports (including compliance of regulatory conditions)	To be updated by the 10th of every quarter ending.	IA website.	

Topic	Documents to be disclosed	Frequency	Media
Engineering	List of roads proposed to be undertaken clearly indicating start and end points of the contract.	Prior to awarding works and to remain on website until end of Defect Liability Period	IA website. Project Implementation Units (PIU)
	Proposed works / treatment giving details of widening, bypasses, junction improvement, drainage, traffic safety feature etc. Construction program with milestones and completion dates.		
	Proposed cross section and strip plan depicting major features.		
	Physical and Financial progress of each contract. Work progress photographs	To be updated by the 10th of every quarter ending.	
Financial Management	Quarterly financial management report	To be updated by the 10th of every quarter ending.	IA website.
Procurement	Procurement plan	Annually	IA website
	Complaints mechanism	Once and updated from time to time	IA website.
	All GPN, SPN, NITs, EOIs, Bid Documents, RFPs, minutes of pre-bid conferences and addenda/corrigenda to bids	When required	IA website UNDB for GPN, SPN, EOI as appropriate for larger contracts National press for NIT EOI as appropriate for smaller contracts
	Award of Contract Details as stipulated in clause 2.60 of the World Bank's Procurement Guidelines (Red Book) and 2.28 of the World Bank's Consultancy Guidelines (Green Book)	Within 2 weeks of award	IA website *UNDB & dg Market on line for larger contracts
Other	Core Network Maintenance Plan	Annually	IA website
	Progress on institutional reforms and progress of TA consultancies	As and when appropriate	IA website
	Project Performance Indicators, Targets and Actual Figures	Annually	IA website
	User satisfaction surveys results.	Once in every 2-3 years.	IA website

#### **9.4 MONITORING INDICATORS FOR COMPLIANCE TO THE RTI 2005**

The PIU at city level will provide to the Manager of the PMU at the national level an annual report on the implementation of the provisions of the RTI Act and forward a copy thereof to the appropriate Government. As per RTI section 25(3) each report will contain:

- the number of requests made to PIU;
- the number of decisions where applicants were not entitled to access to the documents pursuant to the requests, the provisions of this Act under which these decisions were made and the number of times such provisions were invoked;
- the number of appeals referred to the Central Information Commission or State Information Commission, as the case may be, for review, the nature of appeals and the outcome of the appeals;
- particulars of any disciplinary action taken against any officer in respect of the administration of this Act;
- the amount of charges collected by PIU of the IA under this Act;
- any facts indicating an effort by PIU of the IA to administer and implement the spirit and intention of this Act;
- recommendations for reform, including recommendations, for the development, improvement, modernization, reform or amendment to this Act or other legislation or common law or any other matter relevant for operationalising the right to access to information.

The funding agency and the PMU will also be involved in monitoring of implementation of the arrangements and actions related to proposed project, through *inter alia*, the following:

- *Disclosure of information* will be supervised mainly through: (a) checking the frequency and comprehensiveness of website updates, and (b) checking the distribution of materials to key participating civil society groups; and (c) checking the comprehensiveness of information available at Public information kiosks.
- *Functioning of the complaints handling system and the system of sanctions and remedies* will be supervised mainly through: (a) periodic review of statistics based on records kept on the website of IA; and (b) field level checks to ensure that problems are being reported and acted upon.

## ***Chapter 10. Complaints and Vigilance***

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The PIU of the IA's will establish a system dealing with external complaints on procurement, fraud/corruption and construction quality. This system will include maintaining a log and filing to monitor status of follow up of each received comments, suggestions and grievances. The implementation of the system will be monitored by an official, who shall act Vigilance Officer (VO) and will be appointed by the Project Manager at the PIU. The VO should have any executing responsibility of the PIU. The mechanisms will include provision for follow up investigations of substantial complaints by Internal Auditors, or third party audit to ensure independency and reliability of the system.

For the complaint mechanism to function efficiently, the information concerning the alternative conduits for complaint (dedicated email address and physical mailing box) shall be widely publicized. Web-based campaigns, newspaper advertisements and displays on hoardings at highly visible locations will encourage public to report information on any misconduct, misappropriation and grievances to the PIU. Complaints, suggestions and grievances handling system will be included at IA website. The project manager who will also be the Information Officer recruited by the IA will be responsible for monthly updates of the system on the website.

If as a result of any such information provided by the member of the public, cost savings are achieved or charges of misconduct and misappropriation are proven, such members of the public will be awarded some recognition such as a certificate of excellence or felicitation at a public ceremony with or without a monetary reward. PIU will formulate general policy in this regard and after due approvals of the IA, announce these to the public as aforementioned. Simultaneously strict disincentives will be announced for the erring members of the departments. IA will establish the remedial actions and sanctions for cases of fraud and corruption that are reported and for which evidence is found and charges established after due process of investigation. This will include sanctions to government staff proven to be involved in such cases.

Any entity that is found to have misused funds, or not effectively carried out key elements of the anti-corruption plan, may be excluded from subsequent participation in other works being carried out by the IA. Information regarding such cases, where lessons are learned and funds are retrieved, will be widely published for information of the members of public. Strict procedures to ensure anonymity of informants will be enforced.

Tracking of the status of investigations and measures taken will be reported in monthly reports to management. Complaints deemed possible serious infringements may be further investigated by the Chief Vigilance Commissioner of the state.

### **10.1 RESPONDING TO PROCUREMENT COMPLAINTS**

Procurement related inquiries and complaints from suppliers, contractors or consultants may occur from time to time. Complaints require prompt, careful and consistent responses from the project manager at the PIU also functioning as the Information Officer for the project as appointed by the IA and the head of the IA, if necessary. **All Complaints during the bidding/award stage as well as complaints from during the contract execution along with the analysis and response of the PIU shall invariably be submitted to the Bank for review.**

General inquiries about PIU procurement policy, procedures and guidelines should be dealt with by the PM within 20 working days of receipt.

Complaints received directly from bidders relating to a specific procurement shall be in writing. They are to be received and then reviewed by the PM of the PIU, and dealt with in the following way:

- i. He shall record all complaints, whether they are referred from other recipients or directly, in a register to be maintained in a secure location in his own office. The email and physical address of the PM is to be made public on the IA website and noted in all pre-bid and pre-proposal meetings.
- ii. The PM shall, within 5 working days of receipt of complaint, acknowledge receipt in writing to the complainant indicating that the PIU is considering the issues raised and will discuss them with the concerned officers of the IA.
- iii. The PM shall then consult with the relevant officers of the PIU and the IA and, after thorough review of the documents in question as well as interviewing of officers concerned as necessary, shall make a judgment as to the validity of the complaint.
- iv. Within 20 working days, the PM shall submit a report to the board of the IA with his own assessment as to the validity of the complaint and a clear recommendation on how any substantiated complaint should be remedied.
- v. In the event that any documents or decisions are changed as a result of the PM's recommendations, the PIU must notify all prospective bidders on any changes in the bidding documents or bidding conditions within 5 working days of receipt of such recommendations.
- vi. If the PM receives the bidder's communication after the IA has submitted its evaluation report to the competent authority, the PM ascertains whether the complaint was satisfactorily addressed in the report. If they were not, the PM asks the IA to address the issues and resubmit its evaluation report within 20 working days before submitting such report to the competent authority. The PM shall satisfy himself that the evaluation report has indeed adequately addressed the complaint.
- vii. If on the other hand the complaint is received after the successful bidder is notified of the contract award, the PM responds to it in broad terms, without compromising the confidentiality of other bids and a copy of the correspondence is then sent to the board of the IA. The Board shall then be consulted and shall determine, after consultation with appropriate legal counsel, as to how best to proceed.
- viii. In the event that the board of IA does not agree with the recommendations of the PM, the case shall be referred to the PM, of the PMU at the national level whose decision shall be final.
- ix. All complaints received in relation to procurement where the competent authority is the Board, must be reviewed by the PM, of the PMU at the national level in addition to the PM at the PIU.
- x. The PM shall write to all complainants within 40 working days of the receipt of such complaint as to the final decision of the competent authority.
- xi. If any complainants do not concur with the decision of the competent authority, they should be advised to approach the relevant Appellant Authorities under the RTI Act 2005.
- xii. In the event that a complaint is received concerning an externally funded contract, the relevant funding agency shall be informed at each stage of the complaint handling process.

## 10.2 RESPONDING TO ALLEGATIONS OF FRAUD OR CORRUPTION

Fraud or corruption can manifest itself in many varied ways and IA and PIU operations are not expected to be immune. All staff and contractors should be alert for indicators that fraud or corruption may have occurred. These include suspicious or unexplained transactions, rumours of favoured bidders, bid-rigging, the use of shell companies to mask interests or ownership, lax enforcement of procurement rules, and other suspicious circumstances.

Allegations may be received in writing by the State Government, PM, or competent officer of the IA shall be dealt as per rules and regulation of the State.

In the event that an allegation refers to fraud or corruption of bidders, the procedure prescribed above shall be followed. Where allegations are shown to be valid, sanctions shall be imposed as per the relevant government instructions.

Individuals who choose to report allegations of fraud or corruption may remain anonymous or request that their identity not be disclosed outside of any investigating team. Note, however, that a full investigation of the circumstances complained is made significantly more difficult where the complainant remains anonymous, since it will not be possible to seek any clarifying information from the complainant.

In the event that an allegation is received concerning an externally funded contract, the relevant funding agency shall be informed at each stage of the complaint handling process.

### **10.3 RESPONDING TO COMPLAINTS ON CONSTRUCTION QUALITY**

Complaints received directly from the public relating to the quality of a specific work, good or service shall be in writing. They are to be received and then reviewed by the PM at the PIU level and dealt with in the following way.

- i. The PM shall record all complaints, whether they are referred from other recipients or directly, in a register to be maintained in a secure location in his own office. The email and physical address of the PM is to be made public.
- ii. The PM shall, within 5 working days of receipt of complaint, acknowledge receipt in writing to the complainant indicating that the PIU is considering the issues raised and will discuss them with the concerned officers of the IA.
- iii. The PM shall then consult with the relevant officers of the PIU and the IA and, after thorough review of the facts as well as interviewing of officers concerned as necessary, shall make a judgment as to the validity of the complaint.
- iv. Within 20 working days, the PM shall instruct the relevant officer to take remedial action as necessary.
- v. The PM shall write to the complainant within 30 working days of the receipt of such complaint as to the final decision of the competent authority.
- vi. In the event that a complaint is received concerning an externally funded contract, the relevant funding agency shall be informed at each stage of the complaint handling process.

### **10.4 GRIEVANCE REDRESSAL MECHANISM FOR ESMF**

Grievance redressal mechanism is an important aspect in projects involving land acquisition. The redressal of grievance is important to avoid unnecessary legal delays and cost overrun of the project. Also, this is a forum for people to express their dissatisfaction over compensation and R&R provisions.

A Rehabilitation and Resettlement Committee shall be constituted within the PIU to monitor and review the progress of implementation of the scheme or plan of rehabilitation and resettlement of the affected families and to carry out post implementation social audits. The committee shall be formed including the following members:

- Social officer of the PIU;
- Environment and social officer in PMU;

- A representative of women residing the affected area;
- A representative of each of the Scheduled Castes and Scheduled Tribes residing in the affected area;
- A representative of a voluntary organization;
- A representative of the lead bank;
- Chairperson of the municipalities located in the affected area, or their nominees;
- Members of Parliament and Members of Legislative Assembly of the area included in the affected area;
- A representative of the requiring body.

The functions of the Rehabilitation and Resettlement Committee are:

- to publicize within the District the list of affected persons and the functioning of the grievance redressal procedure established hereby;
- to evaluate grievances from affected persons concerning the application to them of the Entitlement Policy;
- to recommend to the Social Officer, PIU as the case may be, solutions to such grievances from affected persons;
- to communicate the decisions to the Claimants;
- to hear appeals from persons, households or groups who, not being affected persons, believe that they are qualified to be recognized as affected persons, to recommend to the PIU whether such persons should be recognized as affected persons, and to communicate the decision of the PIU in that regard to the Claimants;
- To ensure that all notices, forms, and other documentation required by Claimants are made available Local language

# *Chapter 11. Procedure for Accessing Carbon Credit*

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## **ABBREVIATION**

AMs	Approved Methodologies
BLS	Baseline Study
CDM	Clean Development Mechanism
CFD	Carbon Finance Document
CFU	Carbon Finance Unit
CH <sub>4</sub>	Methane Gas
CO <sub>2</sub>	Carbon Dioxide
DOE	Designated Operational Entity
ER	Emission Reduction
ERPA	Emission Reduction Purchase Agreement
FMC	Fund Management Committee
HCC	Host Country Committee
HFC	Hydro Fluoro Carbons
LoA	Letter of Approval
Lol	Letter of Intent
MOU	Memorandum of Understanding
MP	Monitoring Plan
N <sub>2</sub> O	Nitrous Oxide
OE	Operational Entity
PC	Participants Committee
PCN	Project Concept Note
PDD	Project Design Document
PFC	Per fluorocarbons
PIN	Project Idea Note
SF <sub>6</sub>	Sulphur Hexa Fluoride
UNFCCC	United Nations Framework Convention on Climate Change

The Clean Development Mechanism (CDM) proposed under article 12 of the Kyoto Protocol is an important potential instrument to promote foreign investment in GHG emission reduction options while simultaneously addressing the issue of sustainable development. The present chapter has been added to the OM to disseminate information about CDM among the demonstration cities and help them access carbon credits.

Carbon finance is the general term applied to resources provided to a project to purchase greenhouse gas (GHG) emission reductions ("carbon" for short). Commitments of carbon finance for the purchase of carbon have grown rapidly since the first carbon purchases began less than eight years ago. As of May 2004, the global market for GHG emission reductions through project-based transactions has been estimated at a cumulative 320 million tons of carbon dioxide equivalent since its inception in 1996. Asia now represents half of the supply of project-based emission reductions, with Latin America second with 27 percent. Volumes are expected to continue to grow as countries that have already ratified the Kyoto Protocol work to meet their commitments, and as national and regional markets for emission reductions are put into place, notably in Canada, Japan and the European Union (the European Union has already put in place its Emissions Trading Scheme as of January 2005).

## **11.1 PROJECT CYCLE**

The time it takes for a project to go through the entire Carbon Finance Unit (CFU) project cycle varies greatly, reflecting the variety of project types, their novelty, sizes, circumstances, and countries, and the complexities of establishing a baseline as well as the preparedness of the sponsor and project.

However, the CFU is now beginning to see some repetition in project types and baselines, monitoring and other project cycle issues. It has also developed a better understanding of concepts and procedures, which leads to a more rapid drafting of project documents and a faster overall processing of such projects.

### **Project Idea Note (PIN)**

Project sponsors/proponents submit potential projects for consideration to the CFU in the form of a Project Idea Note (PIN). This is a short form (about 6 pages) that provides the basic information about the project. A financial analysis model is requested from the project sponsor. This PIN is quickly evaluated and if it falls within the project eligibility criteria, the CFU will contact the project sponsor for further information.

### **Early Notification and Letter of Endorsement (LoE)**

If the PIN was submitted by a third-party project sponsor, and the CFU decides to develop it further, the Host Country (e.g. the UNFCCC National Focal Point) will be notified of the project. The CFU will ask the Host Country for a letter of endorsement for the project, to ensure that the Host Country approves of the project and understands its follow-up responsibilities under the Kyoto Protocol.

### **Host Country Committee Memorandum of Understanding (HCC MOU)**

If a Host Country becomes interested in learning about and participating in the CFU, it may sign a MOU with the CFU and become a member of the HCC. This will allow the Host Country representatives to attend meetings of the HCC.

**Carbon Finance Document (CFD)**

CFU experts will investigate further and evaluate particular aspects of the project in discussions with the project proponent and prepare a CFD, formerly known as the Project Concept Note (PCN). The CFD is an intermediate document that provides enough information on the project to allow the Fund Management Committee (FMC) (and the Participants Committee (PC) if required) to review and clear the project and its further development. The CFD notes areas that need further study after clearance.

**Letter of Intent (LoI)**

The CFU formally signals its intention to purchase emission reductions generated by a specific project under terms agreed in return for the exclusive right to contract for the purchase of emission reductions. By signing this letter the project entity commits itself to repay project preparation costs if it decides not to proceed to negotiate an Emission Reductions Purchase Agreement with the CFU Trustee in relation to the project.

**World Bank Due Diligence**

All projects must comply with World Bank Group Operational Policies and Procedures, including those on environmental assessment. An Integrated Safeguard Policies review and Environmental Assessment (EA) is performed as a standard part of the appraisal of World Bank Group projects.

**Baseline Study (BLS) and Monitoring Plan (MP)**

Once the CFU has decided to include the project in the Portfolio, it will commission a Baseline Study and Monitoring Plan, if the project is not applying an approved methodology. The Baseline Study investigates the project-based creation of ERs and explains how those ERs are 'additional' to what would have happened 'anyway' without the project. First, it defines the 'without project' scenario as the baseline. Next, it quantifies the number and timing of ERs created by the project. The MP defines how project operation will be monitored, how achieved ERs are calculated, and how the ERs will be independently verified on a periodic basis throughout the project operational phase.

**Letter of Approval (LoA)**

With the issuance of a Letter of Approval the Host Country formally approves the project for the purposes of Article 6 or 12 of the Kyoto Protocol, and confirms that the project assists the Host Country in achieving sustainable development. A Letter of Approval is a requirement for all JI and CDM activities under the Kyoto Protocol and is therefore a prerequisite for the signing of an ERPA with the CFU Trustee.

**Project Design Document (PDD)**

A project-specific document required under the CDM which will enable the Operational Entity (OE) to determine whether the project (i) has been approved by the parties involved in a project, (ii) would result in reductions of greenhouse gas emissions that are additional, (iii) has an appropriate Baseline and Monitoring Plan. The PDD is prepared by the CFU and project sponsor.

**Validation**

After the BLS, MP, and PDD have been satisfactorily developed, the CFU engages an Independent Validator (Designated Operational Entity, DOE) to validate them. This means that the Validator agrees that the ERs are additional to the baseline, the MP is sufficient, and that the ERs have a high chance of being certified under the Kyoto Protocol.

**Registration**

The DOE contracted to undertake validation, upon the request of the CFU, submits the validation report and validation opinion to the Executive Board, along with a request for registration, together with the PDD, Baseline Study, MP, stakeholder consultation documentation and LoA, plus any other appropriate supporting documentation.

**Pre-Negotiations Workshop / Consultations**

At about the time of validation, the CFU team may arrange a Pre-Negotiations Workshop and/or intensive Consultations on the project. This event brings together the project sponsor(s), the Host Country representatives, and the CFU team assigned to that project. The workshop is an instrument to ensure fairness in the process of negotiating and concluding. During the Workshop, the Host Country representatives are appraised of all important issues which might affect their position in negotiating a Host Country Agreement and an ERPA with the CFU.

**Negotiations / Host Country Agreement / ERPA**

After the Workshop or Consultations, the CFU legal team prepares a 'term sheet' and/or a draft ERPA for further discussion with the Host Country representatives. During the negotiations, the final terms of the ERPA are agreed between the CFU, the project sponsor, and the Host Country. The project sponsor signs the ERPA and the Host Country signs the parallel Host Country Agreement.

**Post-Negotiations Workshop**

If the finalized CF project is unique and the project preparation process has been a 'best practice' experience, the CFU may share the lessons learned from this project with a wider audience of CFU constituents. Host Country representatives from the region or from countries with similar technology barriers are invited for presentations by the Project Host Country, project sponsor, and the CFU. Discussion of lessons learned is encouraged.

**Initial Verification / project commissioning**

After the project's construction and before its commissioning to produce ERs, the CFU contracts an Independent Third Party (a Verifier) for the project (different from the Validator). The Verifier will establish contact with the project and undertake an Initial Verification, which should confirm that the project is ready to generate verifiable and certifiable ERs. This will trigger the CFU acceptance of ERs from the project.

**Monitoring**

As part of project implementation, the project operator must implement the MP, which provides a methodology and a tool for measuring and calculating the emission reductions generated by the

project. Once the project starts to generate emission reductions, the project entity monitors the project in accordance with the MP.

### **Verification and Certification**

Verification and certification of the emission reductions will be undertaken periodically in accordance with the MP and other applicable guidelines by an Independent Third Party (the Verifier), who is contracted for the project by the CFU. The verifier will issue a certificate, which will confirm that the ERs have been achieved in the verification period in compliance with applicable CDM/JI rules.

### **Transfer of emission reductions**

Once the ERs are certified, the CFU will pay for the amount of ERs as agreed in the ERPA and the ERs are transferred to Participants in accordance with the ERPA and/or Host Country Agreement and applicable UNFCCC or other rules.

## **11.2 MINIMUM PROJECT REQUIREMENTS**

### **Type of Project**

- Greenhouse gases targeted should be those covered under the Kyoto Protocol (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, and SF<sub>6</sub>); and
- The Carbon Finance Unit, in accordance with the Marrakesh Accords, can support afforestation and reforestation projects in non-Annex I countries, and a whole range of land use, land-use change and forestry projects in Annex I countries.

### **Adequate Emission Reductions (ERs) Volume**

- The ER volume must be big enough to make a project viable under the CDM -- for example, a small-scale project should generate a minimum threshold of 50,000t CO<sub>2</sub>e/year.

### **Demonstration of Additionality and Determination of Baseline Scenario and Emission Reductions**

- Why the project should not happen on its own? (does project have significant barriers, or is not the most economically attractive)
- What could have happened in the absence of the project?
- Sources of emission reductions and total ER volume

### **Competent Project Participants and Clear Institutional Arrangement**

- Technically experienced and sound project developers with clear division of functions.
- Demonstration of sound legal arrangement -- for example, who owns, who operates, and what type of agreement between project participants as well as with third party (e.g. power purchase agreement, ownership agreement, water right)

### **Viable Business and Operation Model that Helps Reduce Transaction Costs**

- Potential for scale-up
- Involvement of intermediaries who can invest, bundle, and implement project-related CDM services locally

### **Ratification of Kyoto Protocol by the Host Country**

- Has the host country ratified the KP or expressed its intention to ratify the KP in due course?

- Project should identify specific locations for its implementation.

### **Financing Sought**

- The World Bank Carbon Finance Unit will not provide debt and/or equity finance for the baseline component of the project. The baseline component of the project should be financed by other sources;
- Payment on delivery of Emission Reductions.

### **Sound Financing Structure**

- Sound financial health of project sponsors and co-financiers.
- The sooner the project can achieve financial closure, the better the chances of selection are

### **Technical Summary of Project**

- Project should be replicable and/or facilitate technology transfer for the country;
- Technology to be applied must be an established and commercially feasible one in somewhere other than the country in consideration; and
- Project proposal should contain sample cases of the technology applied in the past in order to show its commercial feasibility.

### **Expected Environmental Benefits**

- Evidence should be given that the project is additional to the baseline or reference scenario, which represents the most likely or business-as-usual scenario in the country.

### **Safeguard Policies of the World Bank Group**

- The Bank Group has a body of well-developed, mandatory Safeguard policies, which apply to all World Bank operations, as well as an extensive set of good practices. These are applied to CFU operations to ensure that they are environmentally and socially sound, whether baseline financing is from the Bank Group or from a third party project supplier. The project must be consistent with these safeguard policies and the host country's overall sustainable development framework.

### **Contribution to Sustainable Development**

- As defined by the host country. For some end-of-pipe type of projects, contribution to sustainable development can be manufactured through re-investment in host community of some revenues from carbon finance.

## **11.3 CLASSIFICATION OF CDM METHODOLOGIES**

This section gives an overview of different types of CDM methodologies according to the criteria; sectoral scope, greenhouse gases and type of greenhouse gas abatement activity. The section is intended to provide assistance in navigating the basic concepts and tools of approved CDM methodologies.

**Sectoral scope:** This criterion is used by the CDM Executive Board to categorize methodologies. The predefined categories are: (i) energy industries (renewable-/non-renewable sources), (ii) energy distribution, (iii) energy demand, (iv) manufacturing industries, (v) chemical industries, (vi) construction, (vii) transport, (viii) mining/mineral production, (ix) metal production, (x) fugitive emissions from fuels (solid, oil and gas), (xi) fugitive emissions from production and consumption of halocarbons and sulphur hexafluoride, (xii) solvent use, (xiii) waste handling and disposal, (xiv) afforestation and reforestation; and (xv) agriculture.

**Greenhouse gases:** The greenhouse gases covered by the Kyoto Protocol (and thus the CDM) are: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and F-gases. CO<sub>2</sub> emissions represent about 70 percent of total greenhouse gas emissions globally. They are mainly associated with energy production and consumption, resulting from the combustion of fossil fuels. However, in some developing countries, the largest share of CO<sub>2</sub> emissions comes from land use and land use change activities (deforestation). CH<sub>4</sub> emissions mainly arise in waste management activities (e.g. landfills, manure, wastewater), mining activities and the exploitation of oil and natural gas. The dominant source of N<sub>2</sub>O emissions is agricultural soil management. Moreover, the burning of fossil fuels generates small quantities of N<sub>2</sub>O; manure management and the chemical industry also contribute to N<sub>2</sub>O emissions. F-gas emissions (i.e. HFCs, PFC, and SF<sub>6</sub>) are mainly emitted through activities in the chemical industry, aluminium industry, as well as power transmission (to some extent).

**Type of greenhouse gas abatement activity:** In the following overview approved CDM methodologies are classified according to the nature of the greenhouse gas abatement activities of CDM projects. The following categories are used (note: they are not part of the official UNFCCC CDM terminology): power generation/saving end-of-pipe activities, energy efficiency, fuel switch, reduction of process related emissions, reductions of fugitive emissions through repair and maintenance measures and sequestration through afforestation/reforestation.

#### 11.4 REDUCTION OF GREENHOUSE GAS EMISSIONS IN THE TRANSPORT SECTOR

**Basic concept:** In road, air or water based transportation fossil fuels (gasoline, diesel, kerosene) or power (e.g. for trains, trams, metro lines) are used. Fuel or power saving activities or fuel switching activities allows for greenhouse gas emission reductions (mainly in terms of CO<sub>2</sub> but also in terms of CH<sub>4</sub> and N<sub>2</sub>O related to fossil fuel use in engines). These activities can be energy efficiency improvements in existing vehicles (e.g. improved maintenance and repair, drivers training) the replacement of vehicles by less emitting units, modal shift (reducing emissions per person kilometer travelled) or infrastructure measures reducing the distances or number of trips (e.g. new roads or improved agglomeration planning). So far two methodologies for the transport sector have been approved: a methodology for small-scale activities on the introduction of low-greenhouse gas emitting vehicles and a methodology for large-scale activities for bus rapid transit projects.

**Introduction of low-greenhouse gas emitting vehicles:** The approved methodology for small-scale activities introduces low-greenhouse gas emitting vehicles AMS.III.C covers energy efficiency and fuel switch measures (including switching to electro vehicles). Emission reductions are calculated on the basis of the transport service level provided in the project case and the difference in the relevant emission factors (e.g. CO<sub>2</sub> emissions per kilometer driven by a private car in the baseline case and in the project case). The use of AMS.III.C is limited to activities up to a total of 15 kilotons direct project emissions per year. Furthermore emission reductions are capped at 25 kilotons per year.

**Bus rapid transit projects:** The approved methodology AM0031 covers the replacement of an existing urban public transport system by a rapid bus transport system (e.g. replacement of old

bus fleet by a new one and construction of exclusive bus lines). The methodology is not applicable if bio-fuels are used in the baseline or in the project scenario (up to 3% bio-fuel additive permitted). Furthermore replaced vehicles need to be retired. Emission reductions are calculated based on the number of passengers transported under the project scenario. Surveys are used to find out what vehicle type (bus-car-taxi-motorcycle) these passengers would have used in the absence of the project. Baseline emissions are then calculated using data on the volume and composition of the baseline activity level and the corresponding baseline emission coefficients (based on sampling or on conservative default values). An ex ante determined efficiency improvement factor as well as changes in fuel types used and in trip distances are considered. Project emissions are calculated on the basis of total fuel consumption of the new buses or alternatively on the basis of distances travelled by the buses and appropriate emission factors. The methodology accounts for annualized upstream leakage from the construction related emissions (bus lanes), emissions from the production of new buses and emissions from the production and transportation of fuels. Furthermore the possibility for reduced occupancy of taxis and conventional buses is considered as well as impacts due to reduced congestion and increased average speed.

# **APPENDICES**

## APPENDIX 2.1: TEMPLATE FOR PROJECT PROFILE

### **A) Template for Brief Project Profile**

(The Entire Outline should not exceed 3 Pages)

#### **1. General information of the proposed project:**

Name of the project: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_

Implementing agency: \_\_\_\_\_

Requested GEF grant for planning and design: US\$ \_\_\_\_\_

Project category: \_\_\_\_\_

- (1) Public Transport (e.g., BRTS, city buses); (2) Non-Motorized Transport (. e.g. sidewalks, cycle tracks, pedestrian passing, street furniture); (3) Traffic Management; (4) Traffic Safety; (5) Comprehensive Transport Planning; (6) Vehicle Emissions Management.

Planning and Design Status: \_\_\_\_\_

- (1) Plan or Proposal; (2) Preliminary F/S; (3) F/S; (4) draft DPR; or (5) final DPR

Estimated total cost for completing draft DPR: \_\_\_\_\_; final DPR: \_\_\_\_\_

Estimated date for commencement of project implementation: \_\_\_\_\_

Estimated total cost for project implementation: \_\_\_\_\_

#### **2. Background**

- Brief introduction of socio-economic, demographic, and geographic context of the city;
- Brief description of the current urban transport system and current modal split; and
- Brief discussion on major urban transport problems/issues.

#### **3. Objectives**

- Key objectives or expected outcomes;
- Proposed major components and activities;
- Relation or rational between the objectives and components/activities; and
- Indicator(s) to monitor the results of the project and monitoring methods/mechanisms.

#### **4. Planning and design**

- Whether to follow planning and design guidelines developed by MoUD based on international good practices?
- Outline the process and key tasks for completing the DPRs.

#### **5. Institutional arrangements for project management**

- Who are responsible for overseeing and coordinating the project preparation and implementation?
- Has the UMTA (uniformed metropolitan transport authority) been set up?
- Who is responsible for preparing the DPRs?
- If it is the consultants, who is preparing ToRs, and conducting evaluation and quality controls?
- Who will implement the proposed project?

**B) Template for Detail Project Profile**

(Not to exceed 8-10 Pages)

**1. Background**

Give a brief profile on city (not more than 0.5 pages)

**2. Urban Transport Problems and Issues**

Brief write-up on transport characteristics like Vehicle Growth, trip/travel pattern and major issues of urban transport (not more than 1 page)

**3. Policy and Priorities - Urban Transport**

Give a brief write-up on CDP and CMP with regard to urban transport policy and priorities. (Not more than 1 page)

**4. Proposed Project Components**

Overall Project title and Project sub-components (not more than 1-1.5 pages)

**5. Expected Outcome**

How project meets GEF criteria (0.5 pages)

**6. Estimated Cost**

Sub-components break-up to estimate funding pattern (1 page)

**7. Impacts, if any**

Environmental/social (0.5 pages)

**8. Phasing**

Highlight sub-components and their cost for minimum of two phases. Phasing to be carried out to avoid R&R activities, adverse environmental impacts in phase I (first 18 months of project implementation) (0.5 page)

**9. Institutional Arrangements for Project Implementation**

(not to exceed 0.5 pages)

## APPENDIX 2.2: MODEL TERMS OF REFERENCE FOR DPR

### Background

The <Implementing Agency> plans to source funds from the MoUD, Gol under the GEF SUTP to implement projects, which are consistent with the GEF SUTP objectives. Under this program, the <Implementing Agency> proposes to implement the following projects in <City>:

<List of Projects>

<Implementing Agency> desires to appoint a reputed Consulting Firm to prepare a detailed project report for each of the projects listed above and the terms of reference for such services are described herewith.

### Overall Scope of Services

Main objective of this assignment is to prepare a detail project report to enable the implementation of the proposed project in the city of <Name of City>. Adjunct to the main objective, the consultants shall carry out the following tasks:

- Describe the overall urban transport development strategy for the city and identify the development projects proposed.
- Conduct Engineering, Traffic, Environmental and User surveys relevant to the project and present the base line scenario.
- Assess the existing user demand for the existing facilities and forecast the likely demand in future.
- Formulate the infrastructure and services development plan for the next 10 years.
- Prioritize the proposed developments and prepare the annual development plans for the next 4 years.
- Assess the environmental and social impacts of the project and suggest safeguards and mitigation measures if any.
- Prepare detailed design of physical infrastructure, bill of quantities and cost estimate costs.
- Prepare a Procurement Plan and bid documents for all the works, goods and services required for implementing the project in the first five years.
- Propose an evaluation plan to assess the outcomes of the project.
- Prepare detailed monitoring and evaluation indicators for the project outcomes and fix the frequency of project monitoring.
- Incremental assessment of the project.

### Detailed Scope of Services

The details of subtasks to be undertaken under the overall scope of services outlined above would include the following but these shall not be construed as exhaustive. Consultants shall supplement these with additional tasks, which may be found to be necessary for each specific project.

#### i. Outline urban transport development strategy and plan for city

- Review City Development Plan (CDP), Comprehensive Mobility Plan (CMP) and any other earlier studies/reports relevant to the project.
- Compile approved urban transport development strategy and action plans from past/ongoing studies relevant to the project.
- Review current status of these plans.

#### ii. Prepare base line urban transport scenario relevant to the project

- Compile and review of existing infrastructure and services - this could include physical inventory, condition survey and level of service evaluation.
- Assess existing user demand generators – this could include household/work place/roadside interviews of users, assessment of demand generation by socio-economic status of users and by land use/economic activity

- Identify travel characteristics and preferences of users – travel distances, time, costs etc.

### **iii. Demand prediction and effects**

- Determine growth rates based on past time series data and project the future growth.
- Project the demand with respect to the future urban development plan for the city.
- Recommend the most likely demand scenario over the next 10 years.
- Identify the problems and prospects of this growth in demand

### **iv. Formulate infrastructure and services development plan**

- Prepare an integrated infrastructure development plan for the city
- Identify the associated services which need to be provided to enable the effective utilization of the infrastructure provided
- Identify inter-modal access/transfer facilities required to supplement this project
- Identify measures/facilities required for user safety
- Evaluate the operation and maintenance requirements and its sustainability
- Assess the socio-economic benefits likely to accrue as a result of implementing this project

### **v. Environmental and Social Impact Assessment**

- Identify environmentally and socially sensitive areas
- Assess the broad social and environmental effects due to the implementation of the project proposals - Identify all significant construction and operation phase activities that can lead to negative environmental impacts in terms on air and noise pollution, water pollution, visual intrusion, community severance, impacts on vegetation and land degradation.
- Suggest mitigation measures to minimize the negative impacts - Undertake quantitative/qualitative assessment of environmental and social impacts to provide requisite understanding of such impacts to all stakeholders and identify environmental and social management measures that will restrict the negative impacts to acceptable levels.
- Detailed EIA/EMP, SIA and RAP shall be carried out in the later phase of the project depending on the quantum of the impacts.

### **vi. Prioritize and formulate the annual development plan for the first five years**

- Prioritize areas/locations by their importance for project implementation.
- Package the prioritized areas/locations into annual implementation programs.
- Propose the first five-year annual development plan along with the outlays.

### **vii. Detailed design of the annual development plans**

- Detail design of physical infrastructure improvements - complete engineering designs good for construction, shall be prepared to international standards, using CAD. It shall contain all details required for execution of the project.
- Design necessary street furniture and safety features (e.g. bus-stops, traffic signals, signs, markings, street lighting etc.) and indicate exact location of these on the proposed infrastructure.
- Prepare appropriate plan for planting of trees, horticulture and floriculture to enhance aesthetics and improve the quality of environment.
- Integrate the environment management measures with the project construction schedule and provide recommendations in a manner that can be included in construction contracts with clearly assignable responsibility and monitoring mechanism.
- Provide a realistic cost estimate of environmental management measures
- Provide the RAP along with cost estimate
- Prepare detailed specifications for each item, estimate quantities and project cost for the annual plans, including the cost of environment and social safeguards proposed bases on based on standard Data Book by MORT&H/CPWD/State PWD and market rate for the inputs.
- Project implementation institutional framework elaborating the role of different institutions involved in construction and operation phase.

**viii. Prepare Procurement Plan and bid documents**

- Prepare a procurement plan for the works, goods and services required in the first 4 years of implementation - including all the procurement details and timelines for procurement activities that require prior review and clearances. The procurement plan shall be as per the procurement guidelines of World Bank. For the purpose of this project, the tentative prior review thresholds have been indicated as \$500,000 for Goods and Works, \$ 200,000 for Consultancy Firms and \$ 50,000 for individual consultants
- Prepare Draft Tender Documents for each item of procurement

**ix. Deliverables**

S. No.	Report/Submittal	Submission Schedule (from the start of the work)	
		Small Projects	Large Projects
	<b>Formulation Development Plan</b>		
a)	Inception Report	1	1
b)	Baseline Situation Report	4	8
c)	Development Plan Report	6	12
	<b>Detailed Design of Annual Programs - Phase 1</b>		
d)	Detailed Project Report and Bid Documents for first two Annual Plans	12	24
	<b>Detailed Design of Annual Programs - Phase 2</b>		
e)	Detailed Project Report and Bid Documents for next three Annual Plans	24	48

## APPENDIX 2.3: PROJECT APPRAISAL CRITERIA

### BACKGROUND

The appraisal of the demonstration projects is an important step towards accessing of GEF grant and implementation of the projects. The DPRs of the selected projects need to fulfill guidelines and parameters of both laid out under the JNNURM and by the World Bank. One of the prerequisites for accessing assistance under this project is that the city has to be a JNNURM city. However, Jalandhar is an exceptional case and has been taken up as the project selected meets the GEF goals of lowering vehicular pollution.

The prerequisites for accessing investment assistance is that the

- a. the city is eligible for assistance.
- b. the city has prepared a CDP.
- c. the proposal is prioritized in CDP.
- d. the city has prepared a detailed project report comprising techno-commercial analysis, legal assessment, establishment of institutional framework (s), risk assessment, environment and social assessment, financial operating plan, and an implementation plan.
- e. the proposal complies with statutory requirements.

The project proposals shall be subject to the guidelines set out for DPR preparation detailed in chapter 2 of the Operations Manual.

### TECHNICAL APPRAISAL CRITERIA

The Detail Project Reports submitted for funding under the GEF-SUTP should cover all the below listed requisites:

- Description of the overall urban transport development strategy for the city and identification of the development projects proposed.
- Details of all Engineering, Traffic, Environmental and User surveys relevant to the project that were carried out and present the base line scenario.
- Assessment of the existing user demand for the existing facilities and forecast the likely demand in future.
- Formulation of infrastructure and services development plan for the next 10 years.
- Prioritization of the proposed developments and preparation of annual development plans for the next 4 years.
- Assessment of the environmental and social impacts of the project and suggestions on safeguards and mitigation measures if any.
- A detailed design of physical infrastructure, bill of quantities and cost estimate costs.
- A Procurement Plan and bid documents for all the works, goods and services required for implementing the project in the first five years.
- An evaluation plan to assess the outcomes of the project.
- A detailed monitoring and evaluation indicators for the project outcomes and fix the frequency of project monitoring.
- Incremental assessment of the project.

### FINANCIAL APPRAISAL CRITERIA

Project proposals shall present the cost-benefit analysis incorporating a life cycle cost analysis. The cost-benefit analysis for individual projects of Rs.50 crores or more shall demonstrate a positive net present value (NPV) and an economic rate of return (ERR) equal to or above the appropriate opportunity cost of capital. This requirement will not be applied to projects with non-

quantifiable benefits or those costing less than Rs. 50 crores. Should the NPV be negative or the ERR below the cost of capital, an additional qualitative analysis would be required.

Additionally, in PPP projects implemented through a SPV; the proposal shall demonstrate financial viability based on a targeted IRR of at least 200 basis points above cost of capital.

## **SOCIAL AND ENVIRONMENTAL IMPACT ASSESSMENT**

Most of the projects proposed under this program limit themselves to development of transport infrastructure within the existing right-of-way. Hardly any land acquisition appears to be needed. However, there would be a need for relocating on-street vendors. Projects in Ajmer, Pune and Jalandhar would require an assessment for R&R and an action plan needs to be drawn up prior to project implementation.

The social and environmental assessment of the demonstration projects would be based entirely on the ESMF document prepared for the GEF-SUTP. The most important appraisal criteria would be the following:

- Whether proper identification of environmentally and socially sensitive areas has been carried out;
- Whether assessment of the broad social and environmental effects due to the implementation of the project proposals has been done, which includes – Identification of all significant construction and operation phase activities that can lead to negative impacts in terms on air and noise pollution, water pollution, visual intrusion, community severance, impacts on vegetation and land degradation, loss of land, structure and income;
- Incorporation of suggestion on mitigation measures to minimize the negative impacts like - Undertaking quantitative/qualitative assessment of environmental and social impacts to provide requisite understanding of such impacts to all stakeholders and identify environmental and social management measures that will restrict the negative impacts to acceptable levels; and
- Does the DPR include detailed EIA/EMP, SIA and RAP depending on the quantum of the project.

The above specifications have to be a mandatory part of all the DPRs submitted under this project, wherever there are considerable environment and social impacts of the projects.

## **INSTITUTIONAL ASSESSMENT**

The institutional arrangement required for the implementation of the project has been outlined in the PID. All the implementing agencies are required to set up a PIU specifically for the GEF-SUTP. However, the PIUs set up under the JnNURM can also be designated the PIU of this project but it should have all the required technical expertise.

The PIU team should have the following 5 posts:

- Project Manager;
- Finance Manager;
- Environment Safeguard Officer;
- Social Safeguard Officer; and
- Procurement Specialist.

The Project Manager will be the executive officer responsible for the overall management of the program and shall be assisted by the finance manager to handle the day-to-day project management activities. He shall also be responsible for leading the PIU team in various project management activities and liaise with the SLNA and the MoUD. He will be particularly responsible for preparing the Project Implementation Plan (PIP) and making best efforts to implement the project according to the agreed PIP without serious cost and time overruns.

The Finance Manager will assist the PM in managing the financial and administrative aspects of program management. He should be involved in managing the financial aspects of program management such as maintenance and consolidation of accounts, ensuring appropriate book keeping at the downstream agencies, etc. The job will also involve the preparation of staff

development plans and ensure capacity building and monitor the project's financial performance against financial performance indicators. This post is expected to generate applications for disbursement of funds with necessary details and documents and advising disbursement of funds if routed through MoUD.

The Environmental and social safeguard specialist will help in carrying out all negative impact assessments of the project if any and help the PIU to minimise such impacts with the help of the ESMF drafted for the project. During the project execution these will have to be meticulously followed so that lapses in these should not turn out to be serious cause of delay in project implementation. He shall also ensure that these provisions are strictly followed and not violated during execution.

The Procurement specialist will help in carrying out all the procurements under the project with strict adherence to conditions of procurement laid out in the Operations Manual. It is important, as it is a prerequisite of timely execution of project and ensuring funding.

**APPENDIX-3.1: POTENTIAL IMPACTS AND MANAGEMENT FRAMEWORK**

Project Stage	Impact	Type of Project Intervention / GEF OP 11 Priority	Ahmedabad	Ajmer	Hyderabad	Indore	Jalandhar	Mysore	Naya Raipur	Pune	Trivandrum	Management Measure	Responsibility	Contract Clause	
Location / Design / Pre-construction	<b>Environmental Impacts</b>														
	Location of project facilities and infrastructure near environmentally sensitive areas as parks, ponds, lakes, urban forests etc., likely to contaminate the precincts	Others-Road Infrastructure	✓	✓			✓						Project design shall inventorise environmental features in the influence area of the project area and avoid location of these sub-components near these features. Pollutants from construction sites will not be allowed to flow into the precincts of these areas during any of the subsequent project implementation stages by design and development of appropriate pollution control infrastructure. Examples of such measures include (i) erection of silt fencing to avoid flow of pollutants during construction and operation stages into water bodies. (ii) Developing buffer plantations along / around project facilities to avoid dust and air pollutants entering these precincts (iii) construction of noise screens to avoid noise pollution in these areas etc.,	PIU / Design consultant	These provisions will form part of the Terms of Reference for preparation of EA / SA for subprojects which should be in line with the provisions of ESMF
		Public Transport Infrastructure							✓		✓				
	Location of project facilities in heavily trafficked areas will induce traffic snarls for the period of construction and contribute to increase in air pollution levels and noise pollution	Others-Road Infrastructure	✓	✓			✓						A Traffic Management Plan that ensures smooth flow of traffic during construction time and if necessary planning of road diversions will be undertaken	PIU / Design Consultant	This provision will be covered as part of the Terms of Reference provided to the Design Consultants who would be preparing the Detailed Design Report.
		Public Transport Infrastructure							✓		✓				
	Location of borrow areas and quarry areas close to environmentally sensitive areas would induce environmental impacts even though they are far away from urban areas	Others-Road Infrastructure	✓	✓			✓						Identification and location of borrow and quarry areas will avoid their location near environmentally sensitive areas	PIU / Design consultant / Contractor	The contractor shall identify and seek prior approval of the engineer for quarrying and borrowing operations. Quarry and borrowing should be carried only from the locations approved by the engineer. Quarrying if required in the project shall be only from the approved quarries and no new quarries shall be opened for the purposes of the project. Any deviation from the provisions
Public Transport Infrastructure								✓		✓					

Project Stage	Impact	Type of Project Intervention / GEF OP 11 Priority	Ahmedabad	Ajmer	Hyderabad	Indore	Jalandhar	Mysore	Naya Raipur	Pune	Trivandrum	Management Measure	Responsibility	Contract Clause
<b>Social / Resettlement Aspects</b>														
Speculation of land prices, more specifically in case of terminals and road improvements is an identified impact which is both beneficial as well as harmful	Others-Road Infrastructure	✓	✓				✓					Cutoff date incase of likelihood of land acquisition should be established early in the project cycle to reduce influence of price rise speculations	PIU / Design consultant	These provisions will form part of the Terms of Reference for preparation of EA / SA for subprojects which should be in line with the provisions of ESMF
	Public Transport Infrastructure								✓		✓			
Psychological distress to potential PAPs is considered a major impact during or due to design	Others-Road Infrastructure	✓	✓				✓					Information dissemination on the project proposals and likely alternatives needs to be carried out as soon as possible in the project area. This is best done through community consultation sessions. Opinion of the community and potential PAP should be considered in the design process and feedback should be provided to the concerned PAPs	PIU / Design consultant	These provisions will form part of the Terms of Reference for preparation of EA / SA for subprojects which should be in line with the provisions of ESMF
	Public Transport Infrastructure								✓		✓			
Acquisition of land for the facilities causes – R&R issues as loss of livelihood, loss of shelter, severance of community & social ties	ITS application to Public Transport					✓		✓				Conducting Social Assessment (SA) and prepare a Resettlement Action Plan (RAP) to address these issues in accordance with the ESMF. All R&R activities shall be completed prior to start of civil works and the contractor will be provided project area that is free from encumbrances	PIU / Design consultant	Provisions for conduct of SA and RAP will be covered as part of the ToR provisions for Design Consultant. RAP implementation is to be carried out by the PIU with the help of Revenue Department and / or an external consultant whose ToR would cover the R&R implementation provisions with necessary time frame.
	Others-Road Infrastructure	✓	✓				✓							
	Pedestrian / NMT Infrastructure Improvement	✓	✓	✓			✓			✓	✓			
	Public Transport Infrastructure								✓		✓			
Relocation of road appurtenances and utility lines	Pedestrian / NMT Infrastructure Improvement		✓	✓			✓			✓		Prepare a Utility Relocation Plan in accordance with the clear land requirements for the project	PIU / Design Consultant / Supervision Consultant / Contractor	(i) Utility relocation plan is to be prepared by the Design Consultant. (this is to be covered as part of the ToR for Design Consultant) (ii) The contractor shall carry out relocation of utilities with in the project area and areas that are likely to be temporarily impacted. This relocation shall be in accordance with the Utility Relocation Plan and with the approval of the Engineer
	Public Transport Infrastructure								✓		✓			

Project Stage	Impact	Type of Project Intervention / GEF OP 11 Priority	Ahmedabad	Ajmer	Hyderabad	Indore	Jalandhar	Mysore	Naya Raipur	Pune	Trivandrum	Management Measure	Responsibility	Contract Clause
														under the Supervision Consultant. All relocation works should be completed prior to start of civil works
	Use of existing pavement widths that are encroached will cause removal of squatters and encroachments from roadsides causing loss of livelihood and loss of shelter	Others-Road Infrastructure		✓								Appropriate measures as per the Resettlement Action Plan / Entitlement Matrix are to be undertaken	PIU / Supervision Consultant	Entitlements as per the RAP and entitlement matrix shall be calculated and disbursed as per the schedule provided in RAP
Pedestrian / NMT Infrastructure Improvement		✓	✓	✓		✓			✓	✓				
Public Transport Infrastructure				✓				✓		✓				
<b>Construction Stage</b>	<b>Environmental Impacts</b>													
	Minor construction issues in erecting the necessary infrastructure for fare collection	ITS application to Public Transport				✓		✓				Environmental management measures as per the EMP prepared for specific sub-projects and / or Environmental and Social Management Framework need to be implemented	Supervision Consultant / Contractor	All environmental provisions in the applicable specifications for the works should be adhered to as part of the good engineering practices while adhering to the provisions of the EMP for the specific sub-projects where applicable and / or the provisions of the ESMF
	Temporary interruption to traffic and increase of emissions from vehicles due to higher idling times	Others-Road Infrastructure		✓								A traffic management plan to address the traffic congestion issues that are likely to be encountered during the construction time is to be implemented	Supervision Consultant / Contractor	Necessary arrangements for diversion of traffic in the project areas shall be completed prior to initiation of civil works as per the Traffic Management Plan with prior approval of the Engineer of Supervision Consultant
Pedestrian / NMT Infrastructure Improvement		✓	✓	✓		✓			✓	✓				
Public Transport Infrastructure								✓		✓				
	Temporary increase of noise levels due to idling and traffic snarls	Others-Road Infrastructure		✓								Traffic management measures to be undertaken in accordance with the traffic management plan will avoid traffic snarls as well as idling traffic during construction	Supervision Consultant / Contractor	Necessary arrangements for diversion of traffic in the project areas shall be completed prior to initiation of civil works as per the Traffic Management Plan with prior approval of the Engineer of Supervision Consultant
Pedestrian / NMT Infrastructure Improvement		✓	✓	✓		✓			✓	✓				
Public Transport Infrastructure								✓		✓				
	Air and noise pollution from construction activities	Others-Road Infrastructure	✓	✓			✓					All construction machinery shall be complaint with the air and noise pollution	Supervision Consultant /	The contractor shall ensure compliance of all construction

Project Stage	Impact	Type of Project Intervention / GEF OP 11 Priority	Ahmedabad	Ajmer	Hyderabad	Indore	Jalandhar	Mysore	Naya Raipur	Pune	Trivandrum	Management Measure	Responsibility	Contract Clause
		Pedestrian / NMT Infrastructure Improvement	✓	✓	✓		✓			✓	✓	norms of CPCB for construction equipment. Construction activities causing high ambient noise during night time will be avoided and such activities will be restricted to day time. All vehicles plying for construction activities will strictly adhere to emission norms prevailing in the country. Dust suppression measures as watering of construction site shall be carried out to reduce dust pollution.	Contractor	machinery and equipment with the emission standards of CPCB. All vehicle shall regularly be checked for emissions and ensured that they have a PUC Certificate
		Public Transport Infrastructure							✓		✓			
Alternate traffic diversion routes increasing route length and consequently emissions	Others-Road Infrastructure			✓								A traffic management plan to divert and / or manage the traffic flow along the project roads or circumvent project sites shall be notified to the residents through display signs as well as newspaper advertisements	Supervision Consultant / Contractor	The contractor shall notify the residents through appropriate medium in vernacular on the traffic diversions undertaken prior to implementation
	Pedestrian / NMT Infrastructure Improvement			✓			✓		✓	✓				
	Public Transport Infrastructure								✓		✓			
Construction / reconstruction / improvement will result in minor construction issues as: (i) Generation of noxious gases during construction – increasing air pollution (ii) Temporary increase in noise pollution during construction (iii) Contamination of road runoff with construction material stacked on road side (iv) Traffic safety during construction (v) Traffic diversions causing lengthening of routes increasing air emissions and exposing previously unexposed neighborhoods' to noise (vi) Formation of mud puddles and depressions will cause to spread vector borne diseases	Others-Road Infrastructure		✓	✓			✓					The environmental management plan will offset any construction issues that may arise with the implementation of the EMP.	Supervision Consultant / Contractor	The contractor shall implement the EMP in its sprit of offsetting any environmental impacts that may arise from implementation of the project
	Pedestrian / NMT Infrastructure Improvement		✓	✓	✓		✓		✓	✓				
	Public Transport Infrastructure									✓	✓			
Indiscriminate disposal of construction debris in and	Others-Road Infrastructure		✓	✓			✓					Disposal sites are to be identified prior to start of dismantling or construction	Supervision Consultant /	The contractor shall prior to start of construction and dismantling

Project Stage	Impact	Type of Project Intervention / GEF OP 11 Priority	Ahmedabad	Ajmer	Hyderabad	Indore	Jalandhar	Mysore	Naya Raipur	Pune	Trivandrum	Management Measure	Responsibility	Contract Clause
	around construction sites will cause unhygienic conditions in the area	Pedestrian / NMT Infrastructure Improvement	✓	✓	✓		✓			✓	✓	activities in the project area. The sites are to be located away from environmentally sensitive areas and ground water recharge areas. The disposal site should be prepared for collection of leachate in case of disposal of hazardous material as bitumen wastes to avoid contamination of ground and surface water sources. The selected sites should be approved by the supervision consultant and consent to dispose should be provided in writing. Necessary permissions and clearances from the local government and the public should be obtained by the contractor and scrutinised subsequently by the Supervision Consultant.	Contractor	operations identify potential sites for disposal of hazardous construction debris, sites for general construction wastes and domestic wastes from construction camps. The contractor has to obtain approval on identified sites from the Engineer of Supervision Consultant and disposal shall be only after consent letter from the Engineer
		Public Transport Infrastructure							✓		✓			
Alternate traffic diversion routes exposing previously low traffic routes to higher urban traffic and increasing air / noise pollution		Others-Road Infrastructure		✓								A traffic management plan to address the traffic congestion issues that are likely to be encountered during the construction time needs to be prepared. All construction machinery shall be complaint with the air and noise pollution norms of CPCB for construction equipment. Construction activities causing high ambient noise during night time will be avoided and such activities will be restricted to day time. All vehicles plying for construction activities will strictly adhere to emission norms prevailing in the country. Dust suppression measures as watering of construction site shall be carried out to reduce dust pollution.	Supervision Consultant / Contractor	Contractor shall adhere to the provisions of the EMP and the traffic management plan.
		Pedestrian / NMT Infrastructure Improvement		✓			✓			✓	✓			
		Public Transport Infrastructure							✓		✓			
<b>Social / Resettlement Aspects</b>														
Accidental spillage of construction activities to adjacent lands result in temporary relocation and loss of access		Others-Road Infrastructure	✓	✓			✓					Accidental spillages to adjacent lands shall be prevented by barricading the construction site to avoid visual blight. Adequate care as to provide bunds and silt fencing to avoid contaminated flows entering the adjacent lands. Any accidental spillages and trampling shall be made good by the contractor.	Supervision Consultant / Contractor	Contractor shall undertake necessary precautionary measures for avoidance of accidental spillage of construction material and debris outside the construction site. Any accidental spillages and impacts on the adjacent lands shall be made good by the contractor. Any
		Pedestrian / NMT Infrastructure Improvement	✓	✓	✓		✓			✓	✓			

Project Stage	Impact	Type of Project Intervention / GEF OP 11 Priority	Ahmedabad	Ajmer	Hyderabad	Indore	Jalandhar	Mysore	Naya Raipur	Pune	Trivandrum	Management Measure	Responsibility	Contract Clause
		Public Transport Infrastructure							✓		✓	Adjacent lands required for ease of construction or for facilitating construction during the construction period would be temporarily acquired and compensation as per entitlement matrix is to be paid to the owner / occupant as the case may be. Return of the site to the owner / occupant should be in condition prior to its temporary acquisition or in a condition that is to the satisfaction of the owner / occupant		temporary acquisitions shall be returned to the owner in its original condition or to the satisfaction of the owner
	Construction activities may cause accidental damages to utilities in the project area	Others-Road Infrastructure	✓	✓			✓					Necessary and adequate care shall be taken by the contractor to avoid accidental impacts on the nearby utilities. Any potential utility that is likely to be damaged or impacted during the construction period should be shifted / relocated prior to start of construction or necessary alternate arrangements in consultation with the community is to be undertaken	Supervision Consultant / Contractor	The contractor shall take necessary and adequate care to avoid accidental impacts to nearby utilities. Any accidental impacts shall be made good by the contractor.
		Pedestrian / NMT Infrastructure Improvement	✓	✓	✓		✓			✓	✓			
		Public Transport Infrastructure							✓		✓			
	Influx of construction workers in the project areas has the potential to increase spread of HIV/AIDS and other STDs	Others-Road Infrastructure	✓	✓			✓					Adequate HIV / AIDS and STD awareness campaigns are to be conducted regularly in the construction camps to educate the construction workers on the transmission of the disease and precautionary measures towards prevention.	Supervision Consultant / Contractor	The Contractor shall organise HIV / AIDS and STD awareness campaigns in the construction camps. The contractor shall as necessary and as directed by the Supervision Consultant provide for Condom Vending machines in the construction camps. All necessary provisions for hygiene of the workers shall be taken in the construction camps
		Pedestrian / NMT Infrastructure Improvement		✓	✓		✓			✓	✓			
		Public Transport Infrastructure							✓		✓			
Operation Stage	Improvement in safety of pedestrians	Feeder Services	✓		✓							No measures required. This is a positive impact		
		Others	✓											
		Pedestrian / NMT Infrastructure Improvement	✓	✓	✓		✓			✓	✓			
	Improvement in traffic flow and reduction of air / noise emissions	ITS application to Public Transport				✓		✓				No measures required. This is a positive impact		
	Improvement in urban air	Feeder Services			✓							No measures required. This is a positive		

Project Stage	Impact	Type of Project Intervention / GEF OP 11 Priority	Ahmedabad	Ajmer	Hyderabad	Indore	Jalandhar	Mysore	Naya Raipur	Pune	Trivandrum	Management Measure	Responsibility	Contract Clause
quality		Others				✓		✓				impact		
		Pedestrian / NMT Infrastructure Improvement	✓	✓	✓									
		Public Transport Infrastructure							✓		✓			
	Increase in signal time for red causing increase in idling and emissions from vehicles / noise	Pedestrian / NMT Infrastructure Improvement	✓	✓	✓		✓			✓		Display of signal times will be considered to inform road users and encourage switching off engines if waiting time is longer	PIU / PMU	
	Pedestrian safety issues from reduction of signal times for pedestrians	Public Transport Infrastructure							✓		✓	Periodic pedestrian counts will be conducted to ascertain the signal times	PIU / PMU	
	Loss of usual transport routes due to delineation of pedestrian routes to NMT – bicycles / cycle rickshaws forcing them onto other roads increasing risk of accidents	Pedestrian / NMT Infrastructure Improvement	✓	✓	✓		✓			✓	✓	Planning of the NMT / pedestrian routes will take necessary care to avoid such encroachments.	PIU / PMU	
	Loss of adequate frontage to commercial / residential establishments	Pedestrian / NMT Infrastructure Improvement		✓	✓		✓			✓		Planning of the NMT infrastructure will take necessary care to avoid such situations	PIU / PMU	
	Reduction of additional lane width for motorized vehicular traffic if existing road width is used for demarcating the cycle lanes	Pedestrian / NMT Infrastructure Improvement			✓		✓			✓		Planning of the NMT infrastructure will take necessary care to avoid such situations	PIU / PMU	
		Public Transport Infrastructure							✓		✓			
	Increase in traffic – noise and air pollution in the periphery of core city areas	Pedestrian / NMT Infrastructure Improvement	✓	✓							✓	Minimum exit and entry times will be ensured at the vehicular parking areas along with stream lining of the traffic flow in these areas. These would ensure low emissions and reduce noise pollution.	PIU / PMU	

## APPENDIX 3.2: ENTITLEMENTS FOR PAPS

The entitlements have been based on World Bank funded GHSP and the figures provided are an average for all the participating cities and have been arrived at keeping in view the inflation rates. The monetary compensation can vary from city to city.

1. Loss of private property as land and assets – these will be compensated at replacement cost and assistance as ex-gratia and transportation costs will be provided
2. Loss of Livelihood – Financial assistance for a period of 6 months will be given to the PAPS losing livelihood. This will be calculated based on the average wage rates prevailing in the state. One family member (male/female) of the affected family shall be provided necessary training facilities for development of entrepreneurship skills to take up self-employment projects as part of R&R benefits.
3. Encroachers will receive no compensation for land but assistance for shifting assets in residential and commercial properties to the vulnerable groups shall be provided
4. Squatters will be provided rental assistance for a maximum period of 3 months. A onetime financial assistance of Rs. 10000 shall be paid only to vulnerable groups
5. Additional support to BPL and SC / ST for loss of residential structure includes a onetime financial assistance of Rs. 1,00,000 per family
6. Shifting business as in case of kiosks will be provided assistance for 3 months for a sum as decided by the state. In case of number of vendors exceeding 50 a vendors market rent free for initial six months will be provided and thereafter, they would be encouraged to collectively purchase the market site would be explored.
7. Temporary construction related impacts will be compensated by providing assistance in case of loss of business temporarily
8. Any unforeseen impacts will be documented and compensated mitigated based on the principles agreed upon in the policy framework.

## APPENDIX 5.1: LIST OF PROCUREMENTS

**Table 1. List of Works to be procured**

Name of State/Department/Organization \_\_\_\_\_

S. No.	Description of Work	Est. Cost (Rs. M)	Year-wise Procurement					Remarks on proposed Method of Procurement [ICB, NCB, Three Quotations, D.C./F.A.]
			I	II	III	IV	V	
1.								
2.								
3.								

**Table 2. List of Goods/Equipment/Vehicles/Furniture etc. to be procured**

Name of State/Department/Organization \_\_\_\_\_

Item Description	No.	Mode of Tendering*	Est. Cost (Rs. M)	Year Wise Procurement					Remarks on Proposed Methods of Procurement (ICB/LIB/NCB/ Shopping [I or N]/D.C.)
				I	II	III	IV	V	
Goods:									
1.									
2.									
3.									
Equipment:									
1.									
2.									
3.									
Vehicles:									
1.									
2.									
3.									
Furniture:									
1.									
2.									
3.									
Drugs:									
Commodities etc.									

\*State whether it is Supply, Supply supervision of erection, Supply/Erection/Commissioning or Turnkey.

**Table 3. List of Consultancy Services to be hired**

Name of State / Department / Organization

Name of Consultancy (Brief Description)	Estimated Man months	Estimated Cost	Year wise Procurement				Remarks on Proposed Method of Procurement [QCBS/QBS/Least Cost/Fixed Budget/ Qualifications/Single Source etc.]
			I	II	III	IV	
International: 1. 2. 3.							
National: 1. 2. 3.							
Individual or Sole Source: 1. 2. 3.							

## APPENDIX 5.2: BID PACKAGES

**Table 1. Estimate of Bid Packages**

Project Element			Packages Exceeding US\$ 10 Million		Packages Exceeding US\$ 200,000 but under US\$ 10 Million		Packages Between US\$ 30,000 and US\$ 200,000		Packages Below US\$ 30,000	
			No.	Total Value	No.	Total Value	No.	Total Value	No.	Total Value
1.0	Works									
	1.1	Buildings								
	1.2	Irrigation and Drainage								
	1.3	Roads, etc.								

			Packages Exceeding US\$ 200,000		Packages equivalent of US\$ 200,000 or less but more than US\$ 50,000		Packages equivalent of US\$ 50,000 or less but more than US\$ 30,000		Packages equivalent of US\$ 30,000 or Less	
			No.	Total Value	No.	Total Value	No.	Total Value	No.	Total Value
<b>2.0</b>	<b>Goods</b>									
	2.1	Equipment and Instruments								
	2.2	Vehicles								
	2.3	Computer Hardware / Software								
	2.4	MIS and IEC Supplies								
	2.5	Pharmaceuticals and Vaccines								
	2.6	Furniture								
	2.7	Other Supplies								
<b>3.0</b>	<b>Consultancy</b>		<b>Packages Above US\$ 200,000</b>	<b>Packages Between US\$ 100,000 and US\$ 200,000</b>	<b>Packages Between US\$ 30,000 and US\$ 100,000</b>		<b>Packages Equivalent of US\$ 30,000 or Less</b>			
<b>4.0</b>	<b>Training and Workshop</b>									
<b>5.0</b>	<b>Professional Services Fee</b>									
<b>6.0</b>	<b>Operating Expenses and Maintenance</b>									
	6.1	Hiring of Vehicles								
	6.2	Maintenance of Vehicles and Equipment								
	6.3	Office Supplies (Consumables)								

**APPENDIX 5.3: PROCUREMENT SCHEDULE**

**GEF /WORLD BANK/ UNDP –SUTP, INDIA**

**Procurement Plan for Works & Goods**

Name of City:

S. No.	Package No.	Description of Work	Estimated Cost (Rs. Lakh)	Prior/ Post Review	Method of Procurement-ICB/NCB		Preparation of Detailed Project Report (DPR) & Bid Documents	Bank's no Objection to Bidding Document	Bid Invitation Date	Bid Opening Date	Evaluation & Contract Award Recommendation & Approval	Bank's no Objection to Contract Award	Letter of Acceptance to the Bidder	Date of Contract Signing	Bank's WBR No. & Date	Date of Commencement of Works	Date of Completion of Works
1.						Appraisal											
						Revised											
						Actual											
2.						Appraisal											
						Revised											
						Actual											

## GEF /WORLD BANK/ UNDP –SUTP, INDIA

### Procurement Plan for Consultancy Services

Name of City:

S. No.	Package No.	Description of Consulting Services	Budget Provision (Rs. Lakh)	Prior/ Post Review	Method of Procurement-QCBS/QBS/SSS		Preparation of Detailed Project Report (DPR) & ToR	Prepare RFP	EOI Invitation Date	EOI Opening Date	Prepare Shortlist	Bank's no Objection to Shortlist	Bank's No Objection to RFP to Short listed Consultants	Date of Receipt of Technical & Financial	Date of Evaluation of Technical Proposals	Bank's no Objection	Public Opening of Financial Proposals	Evaluation of Combined Technical &	Bank's no Objection	Negotiations with Highest Scoring	Bank's no Objection to Draft Contract	Contract Award	Start of Consulting Services
1.						Appraisal																	
						Revised																	
						Actual																	
2.						Appraisal																	
						Revised																	
						Actual																	

## APPENDIX 5.4: FORMAT FOR SEEKING BANK CLEARANCE

Format for seeking Bank's clearance for increase in Contract Value beyond 15% of the original contract value as well as for granting extension of the stipulated time for performance of the contract:

Credit/Loan No.

Name of the Project: GEF SUTP INDIA

WBR No.....  
Contract No.....  
Name of the Contractor.....  
Description of Work.....  
Original Contract Value.....  
Anticipated increased contract value as of date.....  
Bank's No Objection to the contract communicated on.....  
Completion date as per contract.....  
Completion date as revised now.....  
Expected date of completion.....  
Amount of increase in contract value anticipated.....  
Breakup for the increase:  
a) Price adjustment.....  
b) Extra items.....  
c) Variation in quantities.....  
d) Contract or Claims  
    i) Arbitration.....  
    ii) Other reasons.....  
**Total**.....

Comments on reasons for the increase

In contract value as well reasons for

Extension of the stipulated time for

Performance.....

.....

Project Manager (PIU).....

Superintending Engineer.....



## APPENDIX 8.1: TERMS OF REFERENCE FOR MONITORING AND EVALUATION CONSULTANT

### Background

Under the GEF India Sustainable Urban Transport Program being implemented by the Ministry of Urban Development, Government of India, <Name of Implementing Agency> has availed funds to improve urban transport infrastructure and services in <Name of City>. These investments are expected to promote environmentally sustainable transport and reduce green house gas emissions in the city. The project includes:

<List project components>

Such investments need to be evaluated for their effectiveness by comparing the existing (baseline) situation with that of the situation during and after implementation of the project. There is a need to monitor and evaluate the project outcomes. This would require collecting, analyzing and documenting relevant performance indicators which reflect the project outcomes.

### Performance Indicators and Collection Methods

The performance indicators which have been considered appropriate to reflect the project outcomes are indicated in Table 1. This table also indicates the methodology to be adopted for collecting relevant information and data.

### Scope of Work

To collect, collate, compile, analyze and document the required monitoring parameters, the Consultant shall undertake the following tasks:

1. Design the necessary data collection formats and have it approved by the PIU.
2. Prepare the schedule for surveys and have it approved by the PIU.
3. Obtain the necessary clearances from concerned agencies for the conduct of onsite surveys and for collecting information from databases.
4. Conduct the required surveys using trained personnel, necessary equipments and vehicles.
5. Collate and check the data. Transfer these on to data files.
6. Analyze data and present the findings in a document form along with necessary charts and illustrations. Wherever relevant, the report shall also include photos and videos of the sites and the data collection process.

### Frequency of Monitoring

1. Values of Performance Indicators shall be assessed through periodic surveys/investigations/data collection process.
2. To begin with, the baseline values of the performance indicators shall be established prior to project implementation.
3. Subsequently, the values of performance indicators shall be updated through fresh surveys/investigations/data collection process every 6 months over the project period of 4 years.

### Monitoring Period

The monitoring and evaluation work described above shall be undertaken over the project duration which is 4 years.

### The Consultant Team

The Consultant team shall consist of a Team Leader, Survey Supervisors and trained enumerators.

The Team Leader should have the following qualifications:

- Masters degree in transportation engineering with not less than 10 years experience, in transport surveys and analysis;
- Should have demonstrated analytical skills to analyze and interpret data;
- Good verbal communication skills in local language and English, and good written communication skills in English
- The Survey Supervisors should be graduates with experience in organizing and conducting survey and managing enumerators. Adequate verbal communication skill in local language and English would also be needed.

Enumerators should be matriculates with aptitude for onsite data collection work and computer literate.

### Outputs / Deliverables

The Consultant shall deliver the following outputs:

1. Data formats for approval prior to commencement of surveys.
2. Hardbound and soft copies of compiled data along with summary tables for each performance indicator after each round of surveys/investigations/data collection process.
3. Evaluation Report containing the findings of the surveys along with necessary charts, illustrations and photos after each round of surveys/investigations/data collection process.

### Payment Schedule

Payments shall be made on a pro-rata basis on acceptance of deliverables received after completion of each round of surveys/investigations/data collection process.

### Supervision

The study will be supervised by the PIU. They will be supported by the National PMU and World Bank.

**Table 1: Performance Indicators and Data Collection Methods**

No	Project Component	Performance Indicator(s)	Data collection method for each Indicator
1			
2			
3			
4			

Explanation: The contents of the above table would be specific to each project. The Performance Indicators and Data collection method would be indicated in the PAD. Information specific to the project could be copied from the PAD and pasted here.