ATTACHED TECHNICAL ASSISTANCE: CAPACITY DEVELOPMENT FOR INDUSTRIAL CORRIDOR MANAGEMENT IN ANDHRA PRADESH

A. Introduction

- 1. A technical assistance (TA) for capacity development for industrial corridor management in Andhra Pradesh will be provided to the Government of Andhra Pradesh (GoAP) to support implementation of the policy reforms, especially the policy actions enumerated in the policy matrix. It will have the following outputs: (i) institutions for corridor management strengthened, (ii) ease of doing business improved, and (iii) capacity building support provided.
- 2. The proposed Visakhapatnam—Chennai Industrial Corridor Development Program (VCICDP) will complement ongoing efforts of the GoAP to enhance manufacturing sector growth and create high quality jobs in the state of Andhra Pradesh. The VCICDP comprises: (i) a policy-based loan to support policy reforms, and institutional development in the state's industrial sector; and (ii) a multitranche financing facility (MFF) for priority infrastructure projects within the Visakhapatnam—Chennai Industrial Corridor (VCIC). The corridor approach for industrial development involves creation of an efficient multimodal transport network supported by quality infrastructure and logistics within a defined geography, and a policy framework that facilitates business operations for integration with global production networks.
- 3. In support of the government's vision of manufacturing-driven economic transformation, the VCIC aims to achieve the following: (i) capacity development of institutions engaged in corridor management; (ii) support to enhance the ease of doing business, including the establishment of an e-portal and a single-desk system, with incentives for women entrepreneurs; (iii) industrial and sector policies to stimulate industrial development, with special incentives for women; and (iv) improvement in investor promotion, trade facilitation, and logistics.

B. Outputs and Key Activities

- 4. The TA will have the following outputs and activities:
- 5. **Output 1: Institutions for corridor management strengthened.** Major activities include supporting GoAP up to December 2019 in: (i) establishing management authorities and special purpose vehicles (SPVs) for corridors, clusters and nodes including developing all relevant documents such as corporate structure, legal documents, business plan, human resources plan, rules of business of such organizations; (ii) implementing VCIC's conceptual development plan, regional perspective plan and master plan; (iii) developing model development plans of the district industries centers and helping the GoAP in implementing such plans; and (iv) developing land use policies, including pricing, to ensure availability of land for industries and infrastructure.
- 6. **Output 2: Ease of doing business improved.** Major activities include supporting GoAP up to December 2019 in: (i) assessing the rating of the state in terms of the World Bank parameters and making recommendations for improvement of the state's ratings and ranking in the country; (ii) benchmarking the state against the best performing countries in the world on various parameters of ease of doing business and taking appropriate measures to improve the state's comparative assessment; (iii) refining and implementing policies aimed at enabling growth of manufacturing, including a review of macroeconomic and related fiscal frameworks, industrial and sector policies and providing recommendations; (iv) carrying out analysis of

existing systems and processes (business process re-engineering) with regard to streamlining business operations (starting, operating, renewal and exit processes), and in simplifying licensing and approval; and (v) supporting GoAP in defining nodal priorities in terms of manufacturing sector.

Output 3: Capacity building support provided. Major activities include supporting 7. GoAP up to December 2017 in: (i) complying with policy actions enumerated in the policy matrix of the VCICDP; (ii) defining skills development activities, plan and rolling out specific activities for skills enhancement in the state; (iii) defining GoAP's marketing and investors' promotion strategy; (iv) supporting GoAP to develop marketing plans for existing and proposed nodes and participate in marketing and promotion events; (v) conducting knowledge transfer program through training, workshops, seminars, and publications, to enhance the capacity of dedicated staff in terms of planning, management, promotion, and marketing of nodes and/or corridor, and land management and model industrial nodes; (vi) conducting capacity building activities, through training, workshops, seminars, and publications, to enhance the capacity of entrepreneurs, workers and students to enable value addition in the industries sector; (vii) identifying activities and preparing action plan for implementation of the concept of "Green Industrial Corridor Development"; (viii) conducting studies to assess direct and indirect development-induced environmental impacts of industrialization and urbanization expected because of better enabling environment as a result of policy reforms; (ix) identifying and supporting GoAP to implement measures to avoid and mitigate such impacts; and (x) conducting capacity building activities, through training, workshops, seminars, and publications, to enhance the capacity of State Pollution Control Board, urban local bodies, and other regulatory agencies to strengthen planning, enforcement, reporting, and monitoring of necessary environmental mechanism for green industrialization.

C. Cost and Financing

8. The TA is estimated to cost \$1,000,000, financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-Others). The government will provide counterpart support in the form of counterpart staff, office space, workshop venues, and other in-kind contributions.

D. Implementation Arrangements

- 9. The GoAP acting through the Department of Industries and Commerce will be the executing agency and will appoint a senior officer as the TA coordinator and adequate counterpart staff to work with the consultants. The TA team will be based in the project management unit of VCICDP. ADB will recruit a consulting firm using the quality- and cost-based selection method with a quality-cost ratio of 80:20 in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). Lump sum payments or outputs-based contracts will be considered for consulting services under the TA. Additional individual consultants may be recruited as necessary to strengthen the implementation of the TA objectives. To facilitate implementation, TA will use an advance payment facility for equipment, training, seminars and workshops, surveys, and miscellaneous administration and support costs. The disbursements under the TA will be done in accordance with the ADB's Technical Assistance Disbursement Handbook (May 2015, as amended from time to time).
- 10. The TA will be implemented over a period of 36 months from Q4 2016 to December 2019. The consultants will prepare a TA implementation plan before the start of services, including a timetable for deliverables, defined under each component of the TA. The consultants will also submit interim, quarterly, and annual reports, in addition to specific reports that will be

reviewed by the Department of Industries and Commerce and ADB.

11. Indicative personnel requirements (all as field office inputs) for the TA consultants is in Table 1 and the cost estimates are in Table 2. Outline terms of reference for the proposed experts are in the appendix.

Table 1: Indicative Personnel Requirement

Specialists (Professional Staff)	Туре	Person-Months
Corridor Management Specialist	International	5.0
Policy Support Specialist and Team Leader	National	11.0
Economist	National	4.0
Labor Policy Specialist	National	5.0
Legal Specialist	National	5.0
Marketing and Promotion Specialist	National	5.0
Skills Development Specialist	National	5.0
Power Distribution Specialist	National	5.0
Environmental Policy and Regulatory Specialist	National	5.0
Total		50.0

Total International: 5.0 person-months. Total National: 45.0 person-months. Support Staff: 20 person-months

Source: Asian Development Bank estimates.

Table 2: Cost Estimates (\$'000)

Item	Total Cost
Asian Development Bank Financing ^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	110.0
ii. National consultants	598.0
b. International and local travel including vehicle hire	150.0
c. Reports and communications	15.0
2. Equipment ^b	15.0
3. Workshops, trainings, seminars, and conferences ^c	
a. Workshops and seminars	20.0
b. Media content, print and publication	21.0
4. Assessments/studies	31.0
5. Miscellaneous administration and support costs	20.0
6. Contingencies	20.0
Total	1,000.0

^a Financed by Asian Development Bank's Technical Assistance Special Fund (TASF-Others).

Source: Asian Development Bank estimates.

^b All equipment purchased under the TA will be turned over to the executing agency upon completion of TA.

^cWorkshops, trainings, seminars and conferences will be organized for building capacity and sharing information among stakeholders.

TECHNICAL ASSISTANCE FOR CAPACITY DEVELOPMENT FOR INDUSTRIAL CORRIDOR MANAGEMENT IN ANDHRA PRADESH: OUTLINE TERMS OF REFERENCE FOR THE CONSULTING FIRM

A. Introduction

- 1. A technical assistance (TA) for capacity development for industrial corridor management in Andhra Pradesh will be provided to the Government of Andhra Pradesh (GoAP) to support implementation of the policy reforms, especially the policy actions enumerated in the policy matrix. It will have the following outputs: (i) institutions for corridor management strengthened, (ii) ease of doing business improved, and (iii) capacity building support provided.
- 2. The proposed Visakhapatnam–Chennai Industrial Corridor Development Program (VCICDP) will complement ongoing efforts of the GoAP to enhance manufacturing sector growth and create high quality jobs in the state of Andhra Pradesh. The VCICDP comprises: (i) a policy-based loan to support policy reforms, and institutional development in the state's industrial sector; and (ii) a multitranche financing facility (MFF) for priority infrastructure projects within the Visakhapatnam–Chennai Industrial Corridor (VCIC). The corridor approach for industrial development involves creation of an efficient multimodal transport network supported by quality infrastructure and logistics within a defined geography, and a policy framework that facilitates business operations for integration with global production networks.

B. Scope

- 3. The TA will help the GoAP in increasing its capacity for effective planning, development and management of industrial corridors in the state through effective policies focused on ease of doing business, responsive management, and attracting investors to the industrial corridors. The TA will also help the GoAP in enhancing attractiveness of the state for investors, thereby enabling enhanced contribution of the manufacturing sector to the state's economy as well as providing gainful and well-paid employment opportunities. In specific terms, the TA will have the following outputs:
 - (i) Institutions for corridor management strengthened;
 - (ii) Ease of doing business improved; and
 - (iii) Capacity building support provided;
- 4. The TA will require about 50 person-months of consulting services (5 person-months international and 45 person-months national) to undertake the following activities, which primarily include support to GoAP in implementing conditions for release of tranches 1 and 2 of the policy-based loan.
- 5. **Output 1: Institutions for corridor management strengthened.** Major activities include supporting GoAP in: (i) establishing management authorities and special purpose vehicles (SPVs) for corridors, clusters and nodes including developing all relevant documents such as corporate structure, legal documents, business plan, human resources plan, rules of business of such organizations; (ii) implementing VCIC's conceptual development plan, regional perspective plan and master plan; (iii) developing model development plans of the district industries centers and helping the GoAP in implementing such plans; and (iv) developing land use policies, including pricing, to ensure availability of land for industries and infrastructure.

- 6. Output 2: Ease of doing business improved. Major activities include supporting GoAP in: (i) assessing the rating of the state in terms of the World Bank parameters and making recommendations for improvement of the state's ratings and ranking in the country; (ii) benchmarking the state against the best performing countries in the world on various parameters of ease of doing business and taking appropriate measures to improve the state's comparative assessment; (iii) refining and implementing policies aimed at enabling growth of manufacturing, including a review of macroeconomic and related fiscal frameworks, industrial and sector policies especially on labor related aspects and providing recommendations; (iv) carrying out analysis of existing systems and processes (business process re-engineering) with regard to streamlining business operations (starting, operating, renewal and exit processes), and in simplifying licensing and approval; and (v) supporting GoAP in defining nodal priorities in terms of manufacturing sector.
- 7. **Output 3: Capacity building support provided.** Major activities include supporting GoAP in: (i) complying with policy actions enumerated in the policy matrix of the VCICDP; (ii) defining skill development activities, plan and rolling out specific activities for skills enhancement in the state; (iii) defining GoAP 's marketing and investors' promotion strategy; (iv) supporting GoAP to develop marketing plans for existing and proposed nodes and participate in marketing and promotion events; (v) conducting knowledge transfer program through training, workshops, seminars, and publications, to enhance the capacity of dedicated staff in terms of planning, management, promotion, and marketing of nodes and/or corridor; and (vi) conducting capacity building activities, through training, workshops, seminars, and publications, to enhance the capacity of entrepreneurs, workers and students to enable value addition in the industries sector.

C. Terms of Reference

1. Corridor Management Specialist (International, 5 person-months intermittent)

- 8. The corridor management specialist should have a master's degree in planning, management or development-related field, and around 20-year experience in establishment or management of large multiproduct area development/industrial corridor development, preferably in China, and Korea. The responsibilities include:
 - (i) review international best practices on management of industrial corridors, industrial clusters, special economic zones and related institutional structures;
 - (ii) support GoAP in establishment of corridor management authority or other related guidelines;
 - (iii) formulate recommendations for suitable framework to collaborate with National corridor development authority (NICDA) at the central level and proposed state level corridor management authorities;
 - (iv) support in establishment of corridor management authority in terms of defining institutional structure and advise on business plans for the Authority;
 - (v) support GoAP and project development facility in review and conversion of the regional perspective plan priorities into implementable programs/ projects;
 - (vi) support unbundling of services and private participation in service delivery such as independent power and water authorities or other institutional arrangements such as SPVs for implementation and (O&M):
 - (vii) define frameworks and protocols for management and coordination with other agencies in the corridor;

- (viii) participate in the review of master plans (as part of ADB TA) to be developed for the nodes and in converting them into implementable action s as part of the authority(s) business plans;
- (ix) define guideline for land use policies in industrial corridors based on recommendations of nodal master plans;
- (x) in consultation with the project management unit (PMU) and team, define operating procedures/ appraisal systems for the authority and the proposed project development facility; and
- (xi) ensure incorporation of gender-responsive elements in the frameworks, institutional structures, plans, guidelines, systems and procedures designed, in line with the policy matrix and gender equality and social inclusion (GESI) action plan for VCICDP.

2. Policy Support Specialist and Team Leader (National, 11 person-months intermittent)

- 9. The team leader should have a postgraduate degree in public policy/management/ development planning or relevant fields, and at least 15 years of experience in public policy with special reference to industrial and/or corridor management. A good understanding on a broad range of development policy and its management. Experience of working for ADB or other development partners' projects in the development policy is highly desirable. As Policy Specialist and Team Leader, the responsibilities include:
 - (i) supporting GoAP/ VCICDP on actions to implement policy to enhance manufacturing;
 - (ii) defining policy changes based on comparative policies of incentives in the region/ the best practices;
 - (iii) defining the use of administrative incentives based on policy inputs within overall national and sector development strategies in the context of GoAP's policy and specifically in the corridor (VCICDP);
 - (iv) enabling VCICDP on the use of research and development, and skills development services as incentives to attract investment;
 - (v) defining and demonstrating value-added services, operational requirements and business matchmaking programs in the corridor;
 - (vi) developing cluster-based zoning model allowing full integration within the industry value chain deriving synergy benefits;
 - (vii) addressing relevance of incentive structures such as duty free import of machinery and raw materials within the policy framework to attract manufacturing:
 - (viii) focusing on customer centric approach through the expansion of a "one stop shop" concept or single window mechanisms;
 - (ix) reviewing and advising on streamlined labor procedures;
 - (x) devise policies and support GoAP on further enhancing ease of doing business;
 - (xi) keep tab of India's emerging Make in India policy and support GoAP in aligning state for attracting manufacturing companies:
 - (xii) lead and define capacity building programs for staff in consultation with the PMU; and
 - (xiii) monitor compliance of TA activities and outputs with gender components in the policy matrix, and the GESI Action Plan prepared for VCICDP.

10. As team leader, he or she will (i) manage the overall implementation of TA; (ii) preparing a task matrix for consultants and counterparts; (iii) ensure timely inputs from the consultants; (iv) supervise quality of inputs from the national consultants; (v) coordinate with the participating agencies of the GoAP; and (vi) facilitating with full accountability and responsibility for delivering various components under the TA.

3. Economist (National, 4 person-months intermittent)

- 11. The economist should have an advanced university degree (Master level) in the field of economics with strong focus on quantitative macroeconomics. Minimum of 10 years of relevant work experience, with expertise in public finance, development and infrastructure financing. Tasks include, but not limited to:
 - (i) review fiscal policies and financing programs of the state, Government of India and development partners, and recommend measures for enhancing competitiveness (through superior trade policy, investment climate, innovation, entrepreneurship, competitive industries, and competition policy);
 - (ii) review rating methodologies and advise GoAP's for response through policy actions/ programs to enhance being a better performer in terms of overall attractiveness;
 - (iii) review and advise the state on pricing of land and tariff structure for various services provided relating to manufacturing; and
 - (iv) review development financing options to enhance infrastructure/ development and related macroeconomic policies for sustainability.

4. Labor Policy Specialist (National, 5 person-months intermittent)

- 12. The labor market specialist should have an advanced university degree (Master level) in the field of economics with strong focus on quantitative macroeconomics. Minimum 10 years of relevant work experience, with expertise in economic model building, macroeconomic analysis and labor policies. Tasks include but not limited to:
 - (i) leading analysis and assessment of the impact of macroeconomic and labor market policies on employment and social outcomes in the State. This would include the impact analysis of tax-benefit systems on labor demand and supply, analysis of changes in the stance of monetary, financial and fiscal policies on labor market outcomes and the capacity to understand interaction between different institutions and policy settings;
 - (ii) reviewing and documenting labor market related issues especially in manufacturing and the construction sector in the State; and
 - (iii) in consultation with policy specialist, Legal expert, reviewing labor policies and related measures such as amendments to legislation/polices/safety/gender aspects to ensure the state becomes a competitive destination for manufacturing.

5. Legal Specialist (National, 5 person-months intermittent)

13. The legal specialist shall be a graduate of law with around 15 years experience in infrastructure and corporate law. Experience in working with public sector agencies is desirable. The scope of work would include:

- (i) provide legal support to GoAP in establishing state industrial corridor development authority and special purpose vehicles, as envisaged;
- (ii) provide analysis and counsel on legal, policy, social, environmental, and gender issues to include; proposed new developments of the corridor authorities/ SPVs, financial offerings, financial structuring and compliance issues for market access, outsourcing agreements and business strategic planning;
- (iii) develop and recommend company policy and position on legal issues; and
- (iv) develop and recommend operating policy and procedural improvements; and provide support on legal matters on bidding, project execution, unbundling of services and private participation in service delivery such as independent power and water authorities or other institutional arrangements such as SPVs for implementation and O&M.

6. Marketing and Promotion Specialist (National, 5 person-months intermittent)

- 14. The specialist shall have an MBA with specialization in marketing/promotion/advertising with around 10-years experience. Specific experience would include: (i) experience in branding and brand management; (ii) led marketing/promotion for any trade or industry and conversant with promotion and publicity aspects of promotion; and (iii) managed promotion event for a public sector agency. Specific tasks include:
 - (i) Focus on branding of the state and the nodes:
 - (a) brand promotion: define methods of brand promotion, and compare vis-àvis other facilities in the region;
 - (b) in consultation with the policy specialist, support GoAP in the defining private-sector role in VCICDP;
 - (c) facilitate market survey and analysis and define product mix for the state;
 - (d) define marketing segment targeted through these measures and in consultation with the promotion specialist, define the marketing plan; and
 - (e) support other request from GoAP or PMU to enhance visibility and top of the mind recall.

(ii) Promotion:

- (a) in coordination with GoAP and , Department of Industrial Policy and Promotion, Government of India: define or plan, market and promote events at both national and international levels:
- (b) review and advise GoAP on agreements or memorandum of understanding with the private sector, and facilitate coordination with Directorate of Industries or Andhra Pradesh Industrial Infrastructure Corporation on follow up action;
- (c) manage and coordinate marketing events at national and international forums by way of road shows, policy workshops and visits to facilities by the state and site visits by potential investors; and
- (d) coordinate with the team leader for sector specific market research and define nodal manufacturing priorities, advertising and promotion, selection of advertising or publicity agencies, definition of content in consultation with GoAP, printing, and promotion of materials for media, events, web based and other communication modes.

7. Skills Development Specialist (National, 5 person-months intermittent)

- 15. The Skills Development Specialist should have a degree in engineering with masters in management or social sciences and around ten years of practical experience in: (i) development of technical or vocational education and training (TVET) or related programs or TVET course delivery or conducting TVET-related studies; (ii) knowledge and experience of conducting research on education and training sectors, particularly in the areas of TVET; (iii) experience in labor market research and skills development shall be an advantage; and (iv) familiarity with national and/or local rules, legislation, and practices governing human resource policies and labor laws will be an additional advantage. Specific scope of work would include:
 - (i) support Andhra Pradesh State Skill Development Corporation (APSSDC) in assessing skill demand in relation to manufacturing, logistics and areas critical for VCICDP to be a competitive manufacturing corridor with special attention on skill requirements for women;
 - (ii) based on the assessment, define TVET programs and delivery mechanisms;
 - (iii) define and implement TVET scaling up in coordination with all specialists, APSSDC, Directorate of Industries-PMU and investors on ensuring supply of skilled labor force for VCICDP in particular and the State in general;
 - (iv) identify appropriate skilling needs and demand of women, to attract more women into the labor force and promote work participation; and
 - (v) identity mentoring needs of potential women entrepreneurs and facilitate mentoring training by organizations such as Confederation of Indian Industries, business schools, and investment agencies.

8. Power Distribution Specialist (National, 5 person-months intermittent)

- 16. The Energy Specialist should have a master's degree in engineering and around ten years of practical experience in: (i) studies related to quality and reliability parameters in electricity distribution; (ii) knowledge and experience of international benchmarks for monitoring of quality and reliability parameters for electricity distribution; (iii) experience with advanced metering, outage management and distribution automation systems; and (iv) familiarity with national and/or local rules, legislation, and practices. Specific scope of work would include:
 - (i) support Energy Department of GoAP to finalize standards of performance for industrial clusters along the VCIC nodes based on review of the existing situation, current and planned programs including the 24 by 7 power for all program of the state government and relevant international practices to improve quality and reliability of electricity distribution critical for VCIC to be a competitive manufacturing corridor;
 - (ii) based on the assessment, prepare an implementation plan and provide support to GoAP for implementation in two industrial clusters; and
 - (iii) coordinate with other consulting teams and agencies including Transmission Corporation of Andhra Pradesh, distribution companies, and the regulator for related activities.

9. Environmental Policy and Regulations Specialist (National, 5 personments intermittent)

- 17. The expert should have a strong background in environmental policy and regulations, with a master's degree in environmental law, policy, or management. Experience working in the environmental sector is highly desirable. The expert will (i) review environmental legal and regulatory framework that governs VCICDP implementation and identify gaps that need to be bridged; (ii) draft company policy for strengthening compliance to environmental regulatory framework and setting up permanent committee(s) (if considered necessary) to monitor environmental quality and compliance to environmental regulations; (iii) develop institutional arrangements to monitor activities, and environmental quality; and (iv) develop and implement the capacity-building program with regard to policy and regulatory aspects. Specific scope of work include:
 - (i) identify activities and prepare action plan for implementation of the concept of "Green Industrial Corridor Development";
 - (ii) conduct studies to assess direct and indirect development-induced environmental impacts of industrialization and urbanization expected because of better enabling environment as a result of policy reforms;
 - (iii) support GoAP to implement measures to avoid and mitigate such impacts; and
 - (iv) conduct capacity building activities, through training, workshops, seminars, and publications, to enhance the capacity of State Pollution Control Board, urban local bodies, and other regulatory agencies to strengthen planning, enforcement, reporting, and monitoring of necessary environmental mechanism for green industrialization.
- 18. The TA will engage a few specialists based on need to address specific requirements, which may be identified later. The TA will also engage requisite support staff.

D. Reporting and Deliverables

- 17. Expected mobilization of the firm is from Q3 2016 to Q3 2019.
- 19. In addition to submitting reports and documents as requested by GoAP on matters of policy, guidelines and legal frameworks, the consultants will submit the following reports.
 - (i) inception report to be submitted within 1 month of the mobilization of the consultants, finalizing the approach and presenting key performance indicators and targets, a detailed work plan, and an implementation schedule for the TA;
 - (ii) interim report no. 1 to be submitted within 3 months of mobilization detailing the status of implementing all the outputs including the updated strategies, approach papers and plans with regard to the policy components/ development actions as discussed with GoAP, as well as those defined in the Policy Matrix as part of inception report;
 - (iii) interim report no. 2 to be submitted within 6 months of mobilization detailing the status of implementing all the outputs, progress of actions and specific reports on progress on ease of doing business and policy related actions, land management policies and procedures; review of master plans and implementability, approach to node development, plan implementation, institutional structuring for Corridor

- management and special purpose vehicles, skill development actions and progress on promotion and marketing elements;
- (iv) interim report 3: to be submitted within 8 months of mobilization reports on progress of policy actions and specific reports on land management policies and procedures, node development plan implementation, and structuring of institutions, and their operating procedures;
- (v) interim reports 4: 3rd quarter from end of year 1 on progress and specific specialist's outputs such as policy documents, institutional structures, operating procedures, business plan and review reports of studies in progress if any;
- (vi) draft final report, to be submitted three months before the contract completion date of the contract, will summarize activities undertaken and results achieved, compare achievements with original targets, review problems encountered during implementation and propose actions to remedy those problems, and recommend future short- to medium-term programs;
- (vii) final report one month before the contract completion date; and
- (viii) consultant will also present periodic reports on outputs of various learning and promotion events.