

# Project Administration Manual

Project Number: 49202

Grant Number:

September 2015

Nepal: Disaster Risk Reduction and Livelihood  
Restoration for Earthquake-Affected Communities  
Project

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### **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The executing and implementing agencies are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by executing and implementing agencies of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Grant Negotiations the borrower and ADB shall agree to the PAM and ensure consistency with the Grant agreement. Such agreement shall be reflected in the minutes of the Grant Negotiations. In the event of any discrepancy or contradiction between the PAM and the Grant Agreement, the provisions of the Grant Agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP) changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

## ABBREVIATIONS

ADB	=	Asian Development Bank
AFS	=	audited financial statements
CIAA	=	Commission for the Investigation of Abuse of Authority
DIU	=	district implementation unit
DMF	=	design and monitoring framework
DOE	=	Department of Education
DSC	=	design and supervision
DTCO	=	District Treasury Controller Office
EA	=	executing agency
EARF	=	environmental assessment and review framework
EGM	=	effective gender mainstreaming
EEAP	=	Earthquake Emergency Assistance Project
EMP	=	environmental management plan
FCGO	=	Financial Comptroller General Office
FMA	=	Financial Management Assessment
FSMD	=	Financial Sector Management Division
GESI	=	gender equality and social inclusion
GOJ	=	Government of Japan
GON	=	Government of Nepal
IARS	=	imprest account reconciliation statement
ICB	=	international competitive bidding
IEE	=	initial environmental examination
JFPR	=	Japan Fund for Poverty Reduction
LIB	=	limited international bidding
NCB	=	national competitive bidding
MOE	=	Ministry of Education
MOF	=	Ministry of Finance
PAM	=	project administration manual
PCR	=	project completion report
PCP	=	public communication policy
PDNA	=	Post Disaster Needs Assessment
PIU	=	project implementation unit
PMC	=	project management consultant
PMU	=	project management unit
R&R	=	recovery and reconstruction
SFC	=	Small Farmers Cooperative
SFDB	=	Small Farmers Development Bank
SOE	=	statement of expenditure
SPS	=	Safeguard Policy Statement
TOR	=	terms of reference
VDC	=	village development committee

## I. PROJECT DESCRIPTION

### A. Background and Rationale

1. The Disaster Risk Reduction and Livelihood Restoration for Earthquake Affected Communities project (the Project) will support the Government of Nepal (the government) to accelerate recovery and reconstruction following the devastating earthquake on 25 April 2015 and major aftershock on 12 May 2015. The Project will support model disaster resilient schools, microcredit for livelihood restoration and disaster risk reduction capacity building.

### B. Impact and Outcome

2. The impact will be: (i) improved equity and enhanced social inclusion; and (ii) improved disaster preparedness and resilience of earthquake-affected communities. The outcome will be livelihood and schooling in poorer and more severely earthquake affected communities restored with better disaster resilience.

### C. Outputs

3. **Output 1: Schools in poorer and severely affected districts constructed or rebuilt as model disaster resilient schools.** This will rebuild or retrofit at least 14 model schools (e.g., year 1-12 senior secondary schools) with disaster resilient standards in line with the government's school reconstruction plans and to be equipped with ICT equipment, science laboratories and improved learning space, furniture, and amenities. The component will be implemented using the same implementation arrangements as the Earthquake Emergency Assistance Project (EEAP).

4. There shall be no overlaps between EEAP and the Project locations, while covering the 14 most affected districts. The output will have a strong linkage to disaster risk reduction capacity building (Output 3) to make the model schools serve as local learning centers for disaster risk reduction.

5. **Output 2: Microcredit facility for livelihood restoration provided to small farmer cooperative (SFC) members.** This will provide microcredit to approximately 12,500 affected households to restore damages from the earthquake. The microcredit will have flexible purposes to meet various needs of affected households and could finance (i) reviving microenterprises; (ii) restoring livestock, agricultural activities, and other means of livelihood; and (iii) essential expenses during the recovering period such as food. Microcredit will be channeled through the networks of small farmers cooperatives (SFCs) affiliated under Small Farmers Development Bank (SFDB). SFCs are member-owned and member-governed cooperatives with small and poor farmers as members. SFDB has 85 SFCs in the affected districts with the total 150,000 member households.<sup>1</sup>

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<sup>1</sup> SFDB was selected as a partner financial intermediary for the JFPR project because it has (i) the most extensive outreach network in the affected districts as compared to other rural finance service providers; (ii) a satisfactory implementation record in providing microfinance services in rural areas under ADB's Rural Finance Sector Development Cluster Program (subprogram 2); and (iii) a functioning PIU staffed with experienced experts that can fast track disbursement and implementation under the emergency circumstances.

6. Using the grant proceeds, the government provides a loan to SFDB. SFDB onlends the loan to SFCs and SFCs relend to its members.<sup>2</sup> Microcredit will be provided in the same areas for the model schools. SFC members' networks will also be utilized to provide training on disaster-resilient construction, and community-based disaster risk management (Output 3).

7. **Output 3: Disaster risk management capacity of the affected communities strengthened.** The component will conduct training programs on disaster resilient construction and disaster risk management.<sup>3</sup> The disaster resilient construction training will adopt the training of trainer methodologies in which trained masons and carpenters will conduct community level training.

8. The Project will also support disaster risk management trainings for the settlements associated with the concerned community schools, including maintenance of school buildings, as potential evacuation centers in the event of disasters. The Project will prepare community-based disaster risk management plans for the individual school areas, and train teachers, education administrators, school management committee members and village development committee members, selected at the local level.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

**Table 1: Project Readiness Activities**

Activities						Responsible Party
	Aug	Sep	Oct	Nov	Dec	
Establish NRA						GON
Establish PIUs						DOE
GOJ approval						GOJ
ADB approval						ADB
Advance recruitment of consultants						DOE, SFDB
Government legal opinion provided						MOF
Grant signing						MOF
Grant effectiveness						ADB
Subsidiary loan agreement signed						MOF, SFDB
Selection of SFCs to be targeted						SFDB
Developing lending policy and products with SFCs						SFDB
Disbursement of first installment of grant funds to SFDB						ADB, MOF

ADB = Asian Development Bank, DOE = Department of Education, GOJ = Government of Japan, GON = Government of Nepal, MOF = Ministry of Finance, NRA = National Reconstruction Authority, PIU = project implementation unit, SFDB = Small Farmers Development Bank, SFC = Small Farmers Cooperative.

<sup>2</sup> Details of terms and condition of the microcredit are in Supplementary Document: Proposal for Restoring the Livelihoods of Members of Small Farmers Cooperatives in the Earthquake-Affected Districts. Terms and conditions of the microcredit will be finalized upon the grant approval and in accordance with the subsidiary loan agreement between the Government of Nepal and SFDB.

<sup>3</sup> Village Development Committees (VDCs) of target districts will be consulted in selecting target VDCs. VDCs in coordination with the implementing agencies will mobilize communities for training.

**B. Overall Project Implementation Plan**

9. The Project will be implemented over a three-year period.

**Table 2: Overall Project Implementation Schedule (to be updated)**

Activities	2015		2016				2017				2018			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Output 1: Schools in poorer and severely affected districts constructed or rebuilt as model disaster resilient schools</b>														
Activity 1.1	Establish project implementation unit and consultant recruitment													
Activity 1.2	Review school designs and construction process													
Activity 1.3	Identify schools													
Activity 1.4	Prepare designs, cost estimates and bid document													
Activity 1.5	Procurement of civil works contract													
Activity 1.6	Construction - Batch 1 schools													
	Construction - Batch 2 schools													
<b>Output 2: Microcredit facility for livelihood restoration provided</b>														
Activity 2.1	Recruit consultants													
Activity 2.2	Develop lending policy, risk management policy and products with SFCs													
Activity 2.3	Select SFCs to disburse loans													
Activity 2.4	Receive funding from the Ministry of Finance													
Activity 2.5	Capacity building of SFCs													
Activity 2.6	Disbursement of first loan instalment													
Activity 2.7	Disbursement of second loan instalment													
<b>Output 3: Disaster risk management capacity of the affected communities strengthened</b>														
Activity 3.1	Review and develop training material													
Activity 3.2	Training on disaster resilient construction and disaster risk management													
Activity 3.3	Training on school-led community training on disaster risk management													

ADB = Asian Development Bank, MOF = Ministry of Finance, PIU = Project Implementation Unit, SFC = Small Farmers Cooperative, SFDB = Small Farmers Development Bank.



### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations – Roles and Responsibilities

10. The Government of Nepal is to establish the National Reconstruction Authority (NRA) to steer all the rehabilitation and reconstruction programs including this JFPR project. Upon its establishment, the NRA will be the project's executing agency. In the interim, the Ministry of Finance (MOF) will be the executing agency for the Project.

11. The Project will adopt the same overall project implementation arrangement as for the Earthquake Energy Assistance Project (EEAP).<sup>1</sup> Under the EEAP, a dedicated project management unit (PMU) will be established in the MOF as the executing agency, consisting of managerial staff and technical experts assisted by project management consultants. The PMU will also be the PMU for this Project.

12. The Project's disaster resilient schools and a part of disaster risk management capacity building (outputs 1 and 3 [training on school based disaster risk management]) will be implemented following the EEAP implementation arrangement for school rebuilding. Under the EEAP, the Department of Education (DOE) under the Ministry of Education (MOE) will be the implementing agency with a dedicated project implementation unit (PIU) assisted by the Design and Supervision Consultant and an international Project Management Expert. The MOE is also expected to establish a high level Task Force for the approval of type designs for school buildings and an overall policy for the construction of disaster resilient school buildings.

13. For the microcredit for livelihood restoration and a part of disaster risk management capacity building (outputs 2 and 3 [training on disaster resilient construction and disaster risk management]), the Financial Sector Management Division (FSMD) of MOF will be the implementing agency with SFDB as partner financial intermediary. SFDB will channel the funds to SFCs for onlending to its members. SFDB has been the implementing agency under ADB's Rural Finance Sector Development Cluster Program (the subprogram 2).<sup>2</sup> The component will use the same PIU established under the subprogram 2.

14. For disaster risk reduction capacity building (Output 3), MOF's FSMD and DOE will implement the output in their areas of responsibility. MOF's FSMD in coordination with SFDB will organize the disaster resilient construction training and community based disaster risk management program to SFCs. DOE will organize training on school-led community training on disaster risk management.

15. A project steering committee will be formed to provide overall guidance to and monitoring of the Project.

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<sup>1</sup> ADB. 2015. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance Grant to Nepal for the Earthquake Emergency Assistance Project*. Manila.

<sup>2</sup> ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Grant, and Technical Assistance Grant to Nepal for the Rural Finance Sector Development Cluster Program (Subprogram 2)*. Manila.

**Table 3: Project Implementation Organizations – Roles and Responsibilities**

<b>Project Implementation Organizations</b>	<b>Management Roles and Responsibilities</b>
<ul style="list-style-type: none"> <li>• National Reconstruction Authority (Executing Agency [EA]), Project Management Office<sup>3</sup>/Ministry of Finance (MOF) (interim)</li> </ul>	<ul style="list-style-type: none"> <li>• As Project EA, manages overall project implementation and monitoring.</li> <li>• Coordinates with Asian Development Bank (ADB) and other agencies for smooth project implementation.</li> <li>• Monitors and ensures the compliance of covenants, including submission of audited project financial statements.</li> <li>• Recruits consultants for the project implementation units (PIUs) and procures equipment, if necessary, for the PIU.</li> <li>• Updates procurement plan and monitors the procurement process.</li> <li>• Guides, supports and monitors PIUs and field offices in implementing Project activities in respective project districts.</li> <li>• Communicates with ADB on project progress and any issues that may arise.</li> <li>• Maintains project documents, consolidates reports from PIUs and submits to ADB (as outlined in the project administration manual [PAM]).</li> <li>• Opens and manages project account for Government funds.</li> <li>• Consolidates accounts and submits all audited project financial statements pertaining to the project to ADB within 6 months of the end of the fiscal year.</li> </ul>
<ul style="list-style-type: none"> <li>• Project Steering Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Provides overarching guidance and policy level support to the project.</li> <li>• Monitors and reviews project performance at an inter-ministerial level and addresses key policy related issues.</li> <li>• Ensures collaboration and cooperation among central level agencies.</li> </ul>
<ul style="list-style-type: none"> <li>• Department of Education (DOE)</li> </ul>	<ul style="list-style-type: none"> <li>• Manages and implements project activities.</li> <li>• Ensures coordination with concerned district and field units, local bodies, and village committees for all matters pertaining to project implementation.</li> <li>• Ensures community participation.</li> <li>• Supervises and monitors project consultants and contractors.</li> <li>• Implements and monitors initial environmental examinations (IEEs) and prepares consolidated reports on these.</li> <li>• Makes payments for activities performed under the</li> </ul>

<sup>3</sup> The National Reconstruction Authority has not yet been established by the government.

<b>Project Implementation Organizations</b>	<b>Management Roles and Responsibilities</b>
	<p>scope of the Project and conducts audits.</p> <ul style="list-style-type: none"> <li>• Ensures timely and effective implementation of the activities set out in the Gender Equality and Social Inclusion (GESI) Action Plan.</li> <li>• Prepares progress reports, as outlined in PAM, for submission to the project management unit (PMU).</li> <li>• Administration of sub account.</li> <li>• Submits accounts and withdrawal applications to ADB for imprest fund, direct payments and reimbursements.</li> <li>• Administration of imprest account</li> </ul>
<ul style="list-style-type: none"> <li>• Ministry of Finance (Financial Sector Management Division)</li> </ul>	<ul style="list-style-type: none"> <li>• Manages and implements project activities.</li> <li>• Supervises and monitors project consultants.</li> <li>• Makes payments for activities performed under the scope of the Project and conducts audits.</li> <li>• Ensures timely and effective implementation of the activities set out in the GESI Action Plan.</li> <li>• Prepares progress reports, as outlined in PAM, for submission to PMU.</li> <li>• Submits accounts and withdrawal applications to ADB for imprest fund, direct payments and reimbursements.</li> <li>• Administration of imprest account.</li> </ul>
<ul style="list-style-type: none"> <li>• Small Farmers Development Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Ensures coordination with concerned small farmers cooperatives (SFCs), district and field units, local bodies, and village committees for all matters pertaining to project implementation.</li> <li>• Ensures community participation.</li> <li>• Arranges capacity building programs and training in safe house rebuilding.</li> <li>• Prepares progress reports as outlined in the PAM for submission to the PMU.</li> <li>• Submits accounts and withdrawal applications to MOF for subaccount imprest fund, direct payments and reimbursements.</li> <li>• Administration of subaccount</li> </ul>
<ul style="list-style-type: none"> <li>• ADB</li> </ul>	<ul style="list-style-type: none"> <li>• Conducts field review missions, midterm review mission and project completion review missions to assess project implementation progress and compliance of grant covenants.</li> <li>• Reviews PMU and PIUs' submissions for procurement of goods, civil works and services and provides comments and no objection on the submissions.</li> <li>• Checks statement of expenditure, and disburses the grant funds as agreed in the Grant Agreement.</li> </ul>

## B. Key Persons Involved in Implementation

### Executing Agency

Ministry of Finance (MOF)  
(interim)

Officer's Name: Mr. Suman Prasad Sharma  
Position: Secretary  
Telephone: +977-1-4211161  
Email address: [spsharma@mof.gov.np](mailto:spsharma@mof.gov.np)

International Economic  
Cooperation Coordination  
Division (IECCD)  
MOF

Officer's Name: Mr. Madhu K. Marasini  
Position: Joint Secretary/Chief  
Address: Singha Durbar, Kathmandu  
Telephone: +977-1-4211837  
Fax: +977-1-4211165  
Email address: [mmarsini@mof.gov.np](mailto:mmarsini@mof.gov.np)

### Implementing Agencies

Department of Education (DOE)

Officer's Name: Dr. Lava D. Awasthi  
Position : Joint Secretary  
Telephone: +977 1 4200381  
Email: [lava.awasthi@gmail.com](mailto:lava.awasthi@gmail.com)  
Officer's Name: Dilli R Rimal  
Position : Director General  
Telephone: +977 1 6631075  
Email: [drrimal2004@gmail.com](mailto:drrimal2004@gmail.com)

Financial Sector Management  
Division (FSMD), MOF

Officer's Name: Mr. Madhusudan Pokharel  
Position : Joint Secretary, FSMD  
Address: Singha Durbar, Kathmandu  
Telephone: +977-1-4211770  
Fax: 971-1-421-1164  
Email: [mpokharel@mof.gov.np](mailto:mpokharel@mof.gov.np)

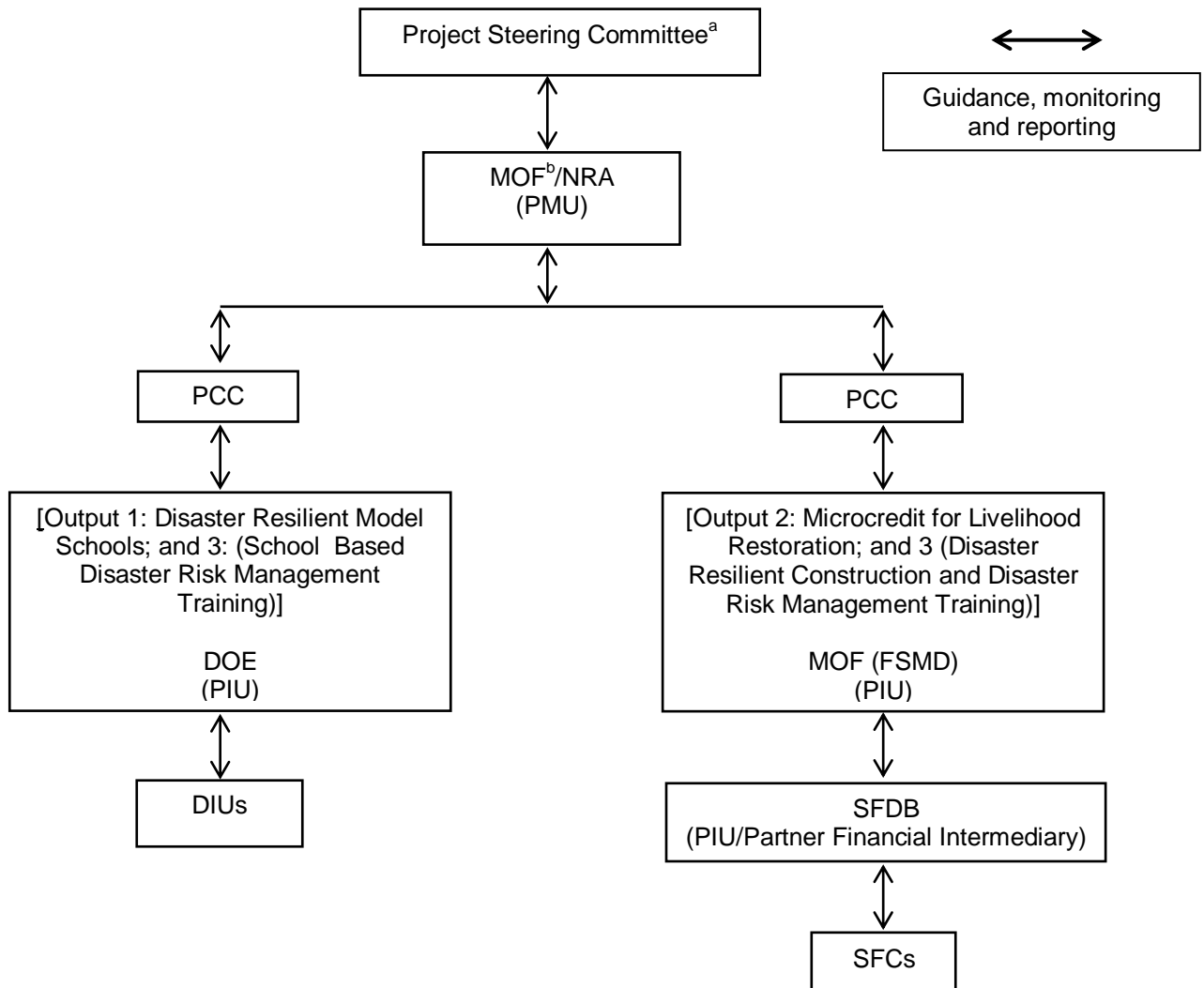
Small Farmers Development  
Bank (SFDB)

Officer's Name: Mr. Jalan Kumar Sharma,  
Chief Executive Officer, Small Farmers Development Bank  
Limited  
Address: Subidhanagar, Kathmandu, P.O.Box 21956  
Telephone: 977-1-4111828/4111752  
Fax: 077-1-4111901  
E-mail: [jalan\\_s@hotmail.com](mailto:jalan_s@hotmail.com)

### C. Project Organization Structure

16. The flow chart below shows the reporting lines essential internal structures of key organizations involved in implementation, including the national steering committee, executing agencies, provincial coordinating committee, implementing agencies, and project implementation units.

**Figure 1: Project Organization Structure**



DIU = District Implementation Unit, DOE = Department of Education, FSMD = Financial Sector Management Division, MOF = Ministry of Finance, NRA = National Reconstruction Authority, PCC = project coordination committee, PMU = project management unit, PIU = project implementation unit, SFC = small farmers cooperatives, SFDB = Small Farmers Development Bank.

<sup>a</sup> Project steering committee members will be decided by the government.

<sup>b</sup> MOF is an interim executing agency until NRA is established.

**Table 4: Project Organization – Staffing Arrangement**

	Position	Name	Title	On Board	Funding source
<b>1.</b>	<b>Project Steering Committee</b>				
	<b>a. <u>Government (Reconstruction Authority [MOF: interim])</u></b>		CEO, Reconstruction Authority/ Secretary, MOF (interim)		
	TBD		Secretary, MOE/MOF; CEO, SFDB		
	<b>b. <u>Consultants</u></b>				
	NA				
<b>2.</b>	<b>MOF/NRA (PMU)</b>				
	<b>a. <u>Government</u></b>				
2.a.1	Program Director (interim)		Joint Secretary, MOF		
	Additional staff (TBD)				
	<b>b. <u>Consultants</u></b>				
2.b.1	Project management specialist (international, 24 person-months)			To be recruited	TA piggybacked to EEAP
2.b.2	Project management specialist (national, 36 person-months)			To be recruited	TA piggybacked to EEAP
2.b.3	Procurement and contract management specialist (international, 4 person-months)			To be recruited	TA piggybacked to EEAP
2.b.4	Procurement and contract management specialist (national, 18 person-months)			To be recruited	TA piggybacked to EEAP
2.b.5	Financial management specialist (national, 12 person-months)			To be recruited	TA piggybacked to EEAP
2.b.6	MIS and software development specialist (international, 6 person-months)			To be recruited	TA piggybacked to EEAP
2.b.7	Monitoring and evaluation specialist (national, 18 person-months)			To be recruited	TA piggybacked to EEAP
<b>3.</b>	<b>PCC (education)</b>				
	<b>a. <u>Government</u></b>				
	PCC Chair		Secretary, Ministry of Education	Yes	
	Other members (TBC)				
	<b>b. <u>Consultants</u></b>				
	NA				
<b>4.</b>	<b>DOE (PIU)</b>				
	<b>a. <u>Government</u></b>				
4.a	PIU Director	Dilli R. Rimal	Director General	Yes	
	Additional staff (TBD)				
	<b>b. <u>Consultants</u></b>				
4.b.1	Structural engineer for school buildings (international, 3 person-months)			To be recruited	TA piggybacked to EEAP
4.b.2	Quality control engineer for school			To be recruited	TA

	buildings (international, 3 person-months)				piggybacked to EEAP
4.b.3	Quality control engineer for school building (national, 18 person-months)			To be recruited	TA piggybacked to EEAP
4.b.4	Pedagogy and teacher professional development specialist (national, 12 person-months)			To be recruited	TA piggybacked to EEAP
4.b.5	Education ITC specialist (international, 3 person-months)			To be recruited	TA piggybacked to EEAP
4.b.6	Project management expert (international, 18 person months)			To be recruited	EEAP
4.b.7	Project management expert (national, 36 person months)			To be recruited	EEAP
4.b.8	Procurement and contract management experts (national, 72 person-months, 2 positions)			To be recruited	EEAP
4.b.9	Financial management expert (national, 72 person-months, 2 positions)			To be recruited	EEAP
4.b.10	Monitoring and evaluation specialist (national, 36 person-months)			To be recruited	EEAP
4.b.11	Construction supervision expert (national, 300 person-months, 10 positions)			To be recruited	EEAP
4.b.12	Safeguards expert (environmental and resettlement) (national, 30 person-months)			To be recruited	EEAP
4.b.13	Design engineer (national, 144 person-months, 4 positions)			To be recruited	EEAP
4.b.14	Water and sanitation engineer (national, 28 person-months)			To be recruited	EEAP
4.b.15	Rainwater harvesting expert (national, 6 person-months)			To be recruited	EEAP
4.b.16	Solar lighting expert (national, 6 person-months)			To be recruited	EEAP
4.b.17	Architect, educational building (national, 18 person-months)			To be recruited	EEAP
4.b.18	Construction quality assurance firm (national, 90 person-months)			To be recruited	EEAP
4.b.19	Project manager–JFPR (national, 36 person-months)			To be recruited	JFPR
4.b.20	School project coordinator (school safety)- JFPR (national, 36 person-months)			To be recruited	JFPR
4.b.21	ICT specialist – Model school – JFPR (national, 3 person-months)			To be recruited	JFPR
4.b.22	Architect – Model schools – JFPR (national, 5 person-months)			To be recruited	JFPR
4.b.23	Training specialist – Model schools – JFPR (national, 6 person-months)			To be recruited	JFPR
4.b.24	Procurement and financial management specialist-JFPR (national, 12 person-months)			To be recruited	JFPR
4.b.25	Engineer Advisor-Earthquake Resilient Building Design (international, 5 person-months)			To be recruited	JFPR

<b>5.</b>	<b>PCC (finance)</b>				
	<b>a. Government</b>				
5.a.1	PCC Chair	Suman Prasad Sharma	Secretary, MOF	Yes	
5.a.2	Member	Madhusudan Pokharel	Joint Secretary, MOF	Yes	
5.a.3	Member	Jalan Kumar Sharma	CEO, SFDB	Yes	
5.a.4	Member		Nepal Rastra Bank	To be appointed	
5.a.5	Member		National Planning Commission	To be appointed	
	<b>b. Consultants</b>				
	NA				
<b>6.</b>	<b>MOF (FSMD) (PIU)</b>				
	<b>a. Government</b>				
6.a.1	PIU Director	Madhusudan Pokharel	Joint Secretary, MOF	Yes	
	<b>b. Consultants</b>				
6.b.1	Project coordinator – rural finance – JFPR (national, 18 person-months)			To be recruited	JFPR
<b>7.</b>	<b>SFDB (PIU)</b>				
	<b>a. IA</b>				
7.a.1	PIU Director	Jalan Kumar Sharma	CEO, SFDB	Yes	
	<b>b. Consultants</b>				
7.b.1	Microfinance cooperative specialist (national, 36 person-months)			To be recruited	JFPR

DOE = Department of Education, EEAP = Earthquake Emergency Assistance Project, FSMD = Financial Sector Management Division, JFPR = Japan Fund for Poverty Reduction, MIS = management information system, MOF = Ministry of Finance, NRA = National Reconstruction Authority, PCC = project coordination committee, PIU = project implementation unit, PMU = project management unit, SFDB = Small Farmers Development Bank, TA = technical assistance, TBD = to be decided, NA = not applicable.

#### IV. COSTS AND FINANCING

17. **Financing Plan.** The Project is estimated to cost \$17.8 million, inclusive of taxes and duties.

18. The Japan Fund for Poverty Reduction (JFPR) will provide a grant cofinancing equivalent to \$15 million to be administered by ADB. The grant will finance (i) civil works and equipment, (ii) consulting service, training and capacity building, (iii) credit line, and (v) incidental expenditures and contingencies. The government and SFDB will provide \$2.8 million equivalent to contribute to (i) taxes and duties and (ii) credit line.



**Table 5: Project Investment Plan**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Output 1: Model disaster resilient schools	8.1
2. Output 2: Microcredit for livelihood restoration	7.0
3. Output 3: Disaster risk management capacity building	1.9
<b>Subtotal (A)</b>	<b>17.0</b>
<b>B. Contingencies<sup>c</sup></b>	<b>0.8</b>
<b>Total (A+B)</b>	<b>17.8</b>

<sup>a</sup> Includes taxes and duties of about \$0.8 million to be partially financed from government, and Small Farmers Development Bank resources or ADB. Financing of and duties by the government are mainly through exemption. The amount of taxes and duties will be within the reasonable threshold identified during the country partnership strategy preparation process. Such amount will not represent an excessive share of the project investment plan. The taxes and duties apply only to ADB-financed expenditures. The financing of the taxes and duties is material and relevant to the success of the project. ADB grant may finance local transportation, insurance costs and bank charges.

<sup>b</sup> In mid-2015 prices.

<sup>c</sup> Physical contingencies computed at 5% for civil works; and 3% for consulting services. No physical contingency for the credit line. Price contingencies computed at 0.3% to 1.5% on foreign exchange costs and 7.0% to 7.7% on local currency costs in line with escalation rates published by ADB at <http://lnadbg1.asaindevbank.org/erd004p.nsf/>; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank.

**Table 6: Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Japan Fund for Poverty Reduction <sup>a</sup>	15.0	84.0
Government of Nepal	1.3	8.0
Small Farmers Development Bank	1.5	8.0
<b>Total</b>	<b>17.8</b>	<b>100.0</b>

<sup>a</sup> Administered by the ADB.

Source: Asian Development Bank and Government of Nepal.

#### A. Detailed Cost Estimates by Expenditure Category

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

Items	Total Cost (\$ million)	Base Cost <sup>a</sup> (%)
<b>A. Investment Costs<sup>b</sup></b>		
1 Civil Works	6.97	40.90
2 Equipment and supplies	0.65	3.79
3. Credit line	7.00	41.05
4 Capacity building and training <sup>c</sup>	1.70	9.97
5 Consultants <sup>d</sup>	0.73	4.29
<b>Base Cost (A)</b>	<b>17.05</b>	<b>100.00</b>
<b>B. Contingencies</b>		
1 Physical	0.44	2.59
2 Price	0.36	2.12
<b>Subtotal (B)</b>	<b>0.80</b>	<b>4.71</b>
<b>Total Project Cost (A+B)</b>	<b>17.85</b>	<b>104.71</b>

<sup>a</sup> Includes taxes and duties of about \$1.3 million.

<sup>b</sup> In mid-2015 prices.

<sup>c</sup> Includes approximately 13.5 person months consultant inputs for output 3: Disaster Risk Reduction Capacity Building.

<sup>d</sup> The consultants for (i) engineer advisor (earthquake resistant building design for DOE); (ii) project manager (JFPR); (iii) school project coordinator (school safety – JFPR); (iv) training specialist (model schools for DOE); (v) architect (model schools for DOE); (vi) ICT specialist (model schools for DOE); and (vii) procurement and financial management specialist for DOE, ADB will help to select and the government will contract and administrate in accordance with ADB's Guidelines on the Use of Consultants (April 2013, and as amended from time to time). Source: Asian Development Bank estimates.

## B. Allocation and Withdrawal of Grant Proceeds

**Table 8: Allocation and Withdrawal of Grant Proceeds**  
(\$)

Category			Financing Basis
No.	Item	Total Amount Allocated for Japan Fund for Poverty Reduction Financing (USD) Category	Percentage and Basis for Withdrawal from the Grant Account
1	Civil Works	6,135,964	88% of total expenditure claimed
2	Equipment and Supplies	561,992	87% of total expenditure claimed
3	Capacity Building and Training	1,453,500	85.5% of total expenditure claimed
4	Consultancy Services	644,840	88% of total expenditure claimed
5	Credit line	5,500,000	79% of total expenditure claimed
6	Unallocated	703,704	
	<b>Total</b>	<b>15,000,000</b>	

Source: Asian Development Bank estimates.

## C. Detailed Cost Estimates by Financier

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

	JFPR <sup>a</sup>		SFDB		GON <sup>b</sup>		Total
	Amount	%	Amount	%	Amount	%	
<b>A. Investment Cost<sup>c</sup></b>							
Civil Works	6,135,964	88			836,722	12	6,972,686
Equipment and Supplies	561,992	87			83,976	13	645,968
Credit line	5,500,000	79	1,500,000	21	0	0	7,000,000
Capacity Building	1,453,500	86			246,500	15	1,700,000
Consultants	644,840	88			88,160	12	733,000
Output 1	447,660	89			56,840	11	504,500
Output 2&3 <sup>d</sup>	197,180	86			31,320	14	228,500
<b>Subtotal (A)</b>	<b>14,296,296</b>	<b>84</b>	<b>1,500,000</b>	<b>9</b>	<b>1,255,358</b>	<b>7</b>	<b>17,051,654</b>
<b>B. Contingencies</b>							
Physical	387,037	88	-		55,236	12	442,273
Price	316,667	88	-		45,193	12	361,860
<b>Subtotal (B)</b>	<b>703,704</b>	<b>88</b>	<b>-</b>		<b>100,429</b>	<b>12</b>	<b>804,133</b>
<b>Total (A + B)</b>	<b>15,000,000</b>	<b>84</b>	<b>1,500,000</b>	<b>8</b>	<b>1,355,787</b>	<b>8</b>	<b>17,855,787</b>

GON = Government of Nepal, JFPR = Japan Fund for Poverty Reduction, SFDB = Small Farmers Development Bank.

<sup>a</sup> Administered by Asian Development Bank.

<sup>b</sup> GON finances all taxes and duties: 12% for civil works, 13% for equipment and supplies, and 14.5% for national consulting services and trainings and capacity building.

<sup>c</sup> In mid-2015 prices.

<sup>d</sup> The consultants for output 2 and 3 overlap.

Source: Asian Development Bank estimates.

## D. Detailed Cost Estimates by Outputs/Components

**Table 10: Cost Estimates by Outputs**

	Output 1		Output 2		Output 3		Total
	Amount	%	Amount	%	Amount	%	
<b>A. Investment Cost<sup>a</sup></b>							
Civil Works	6,972,686	100	0		0	0	6,972,686
Equipment and Supplies	645,968	100	0		0	0	645,968
Credit line	0	0	7,000,000	100	0	0	7,000,000
Capacity Building	0	0			1,700,000	100	1,700,000
Consultants <sup>b</sup>	504,500	69	0		228,500	31	733,000
<b>Subtotal (A)</b>	<b>8,123,154</b>	<b>48</b>	<b>7,000,000</b>	<b>41</b>	<b>1,928,500</b>	<b>11</b>	<b>17,051,654</b>
<b>B. Contingencies</b>							
Physical <sup>c</sup>	357,419	81	-		84,854	19	442,273
Price <sup>d</sup>	292,434	81	-		69,426	19	361,860
<b>Subtotal (B)</b>	<b>649,853</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>154,280</b>	<b>19</b>	<b>804,133</b>
<b>Total (A + B)</b>	<b>8,773,007</b>	<b>49</b>	<b>7,000,000</b>	<b>39</b>	<b>2,082,780</b>	<b>12</b>	<b>17,855,787</b>

<sup>a</sup> In mid-2015 prices.

<sup>b</sup> The consultants inputs for output 3 will also support outputs 2.

<sup>c</sup> Computed at 4.4% for all items except for the credit line for which no contingency is provided.

<sup>d</sup> Computed at 3.6% for all items except for the credit line for which no contingency is provided.

Source: Asian Development Bank estimates.

## E. Detailed Cost Estimates by Year

**Table 11: Cost Estimate by Year**

	\$				
	2015	2016	2017	2018	Total
<b>A. Investment Cost<sup>a</sup></b>	<b>4,281,000</b>	<b>6,610,806</b>	<b>3,533,058</b>	<b>2,626,790</b>	<b>17,051,654</b>
Civil Works	0	2,091,806	2,789,074	2,091,806	6,972,686
Equipment and Supplies	0	0	322,984	322,984	645,968
Credit line	3,500,000	3,500,000	0	0	7,000,000
Capacity Building	630,000	770,000	200,000	100,000	1,700,000
Consultants	151,000	249,000	221,000	112,000	733,000
<b>B. Contingencies</b>	<b>62,480</b>	<b>248,864</b>	<b>282,645</b>	<b>210,143</b>	<b>804,133</b>
<b>Total (A + B)</b>	<b>4,343,480</b>	<b>6,859,670</b>	<b>3,815,703</b>	<b>2,836,933</b>	<b>17,855,787</b>

<sup>a</sup> In mid-2015 prices.

Source: Asian Development Bank estimates.

## F. Contract and Disbursement S-curve

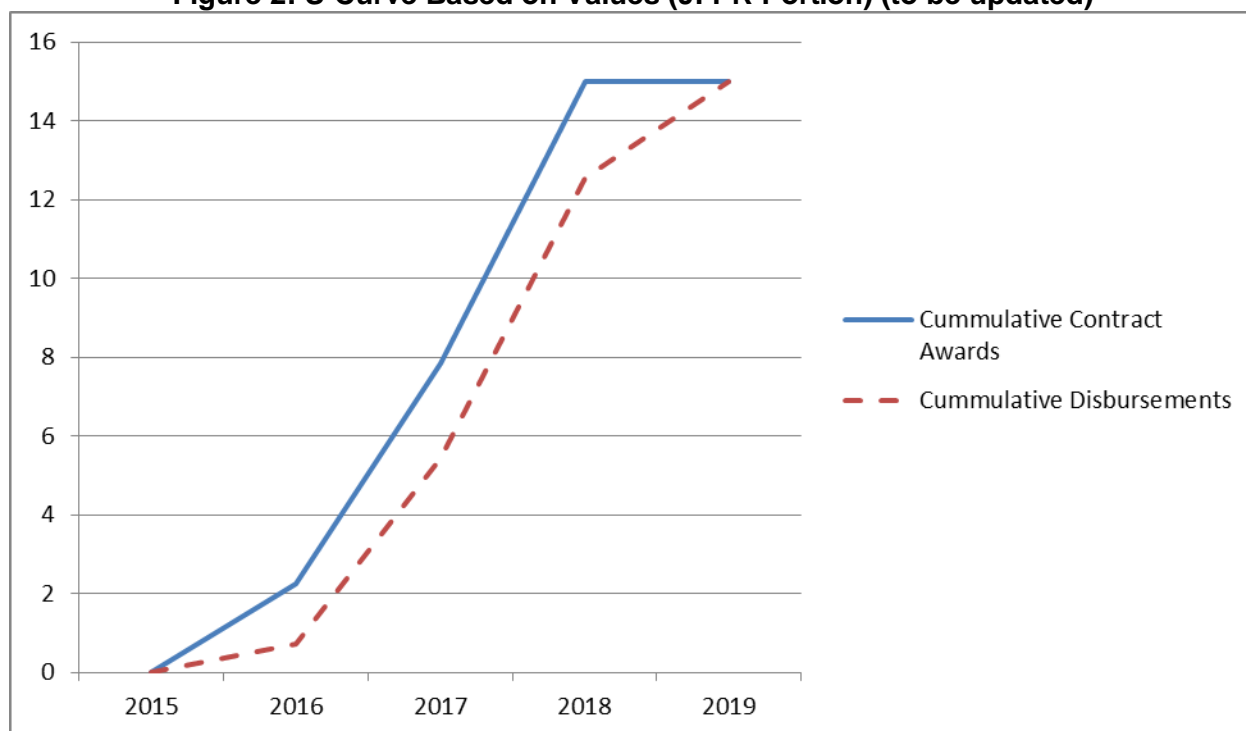
19. The S-Curve in Figure 2 shows the estimated annual contract awards and disbursements over the life of the Project based on contract awards and disbursement projections for ADB grant portion only.

**Table 12: Expected Cumulative Contract Awards and Disbursements**  
(\$ million)

	2015	2016	2017	2018	2019
<b>Cumulative Contract Awards</b>	0	2.27	7.85	15.00	15.00
<b>Cumulative Disbursements</b>	0	0.73	5.42	12.57	15.00

Source: Asian Development Bank.

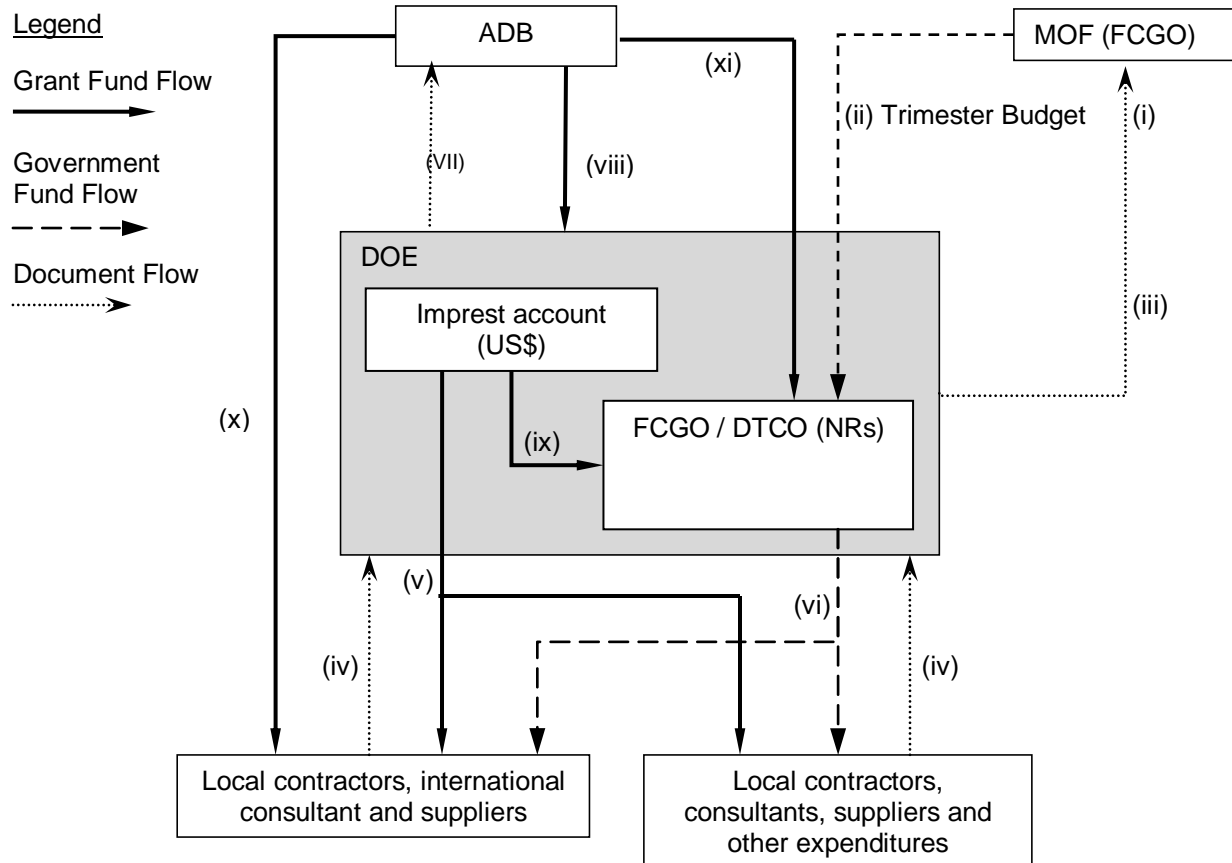
**Figure 2: S-Curve Based on Values (JFPR Portion) (to be updated)**



Source: Asian Development Bank estimates.

## G. Fund Flow Diagrams

**Figure 3: Fund Flow Diagram for DOE**



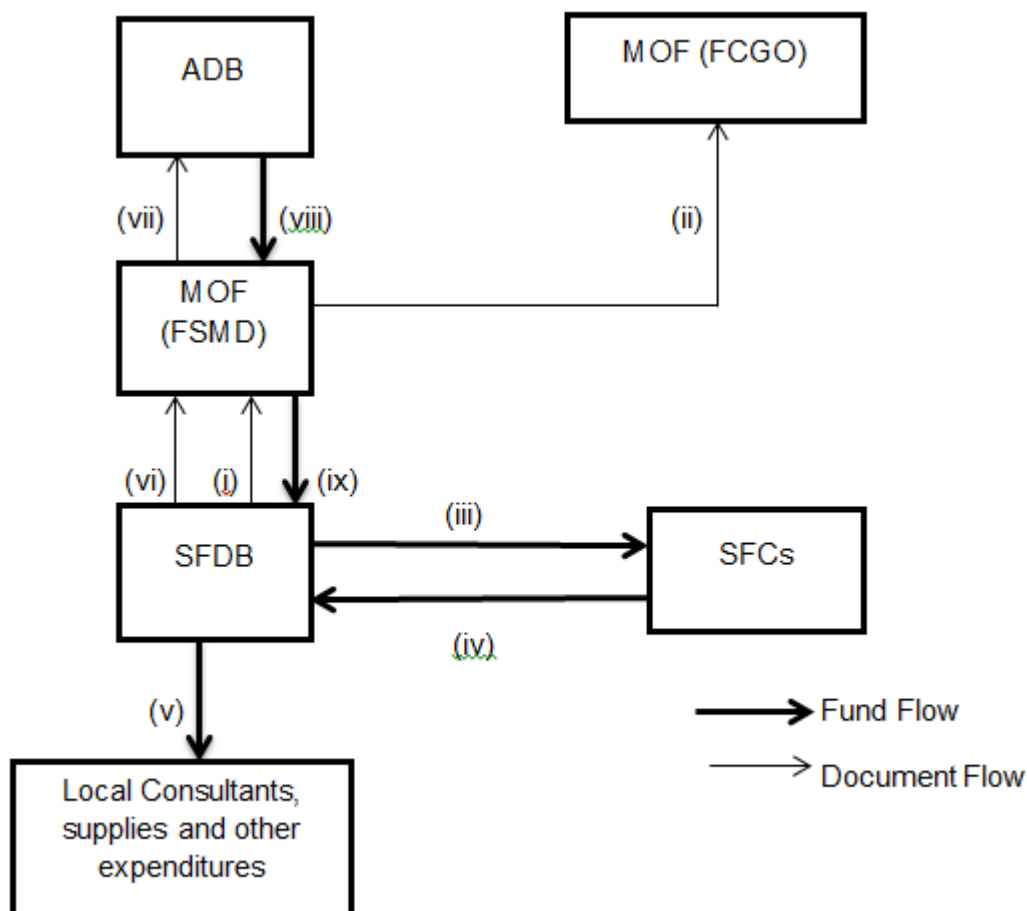
ADB = Asian Development Bank, DOE = Department of Education, DTCO = District Treasury Controller Office, FCGO = Financial Comptroller General Office, MOF = Ministry of Finance.

### 20. For Payment to Contractors, Consultants and Other Expenditures:

- (i) IAs annual request to MOF for release of government funds.
- (ii) MOF(Financial Controller General Office [FCGO]) releases government funds on trimester basis to DOE.
- (iii) Consolidated expenditure statement from DOE on monthly basis.
- (iv) Local contractors, consultants and suppliers submit invoices to DOE's PIU for payment.
- (v) DOE pays local contractors, consultants and suppliers for ADB share in US\$ and local currency.
- (vi) District Treasury Controller Office (DTCO)/FCGO make payment to local contractors, consultants and suppliers for government share and ADB share (reimbursable and replenishable) in US\$ and local currency.
- (vii) DOE requests ADB for replenishment of imprest account/Reimbursement/ Direct Payment.
- (viii) ADB replenishes imprest account.

- (ix) DOE transfers the funds from imprest account to FCGO account.
- (x) ADB makes direct payment of ADB share to contractors, consultants and suppliers.
- (xi) ADB reimburses the government for financing the ADB share of reimbursable expenses.

Figure 4: Fund Flow for SFDB



ADB = Asian Development Bank, FCGO = Financial Comptroller General Office, FSMD = Financial Sector Management Division, MOF = Ministry of Finance, SFC = small farmers cooperative, SFDB = Small Farmers Development Bank.

- (i) Expenditure statement from SFDB to MOF (FSMD)
- (ii) Expenditure statement from MOF (FSMD) to MOF (FCGO)
- (iii) SFDB lend to SFCs
- (iv) SFCs repay loans SFDB
- (v) SFDB make payments to local consultants, supplies and other expenditures
- (vi) SFDB requests MOF(FSMD) to replenish the sub account
- (vii) MOF(FSMD) submits accounts and withdrawal applications to ADB for imprest fund, direct payments and reimbursement.
- (viii) ADB replenishes imprest account
- (ix) MOF(FSMD) lend to SFDB for onlending

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

21. An updated financial management assessment (FMA) has been conducted for the DOE in accordance with Asian Development Bank (ADB)'s *Guidelines for the Financial Management and Analysis of Project* (the Guidelines). An institutional due diligence report for SFDB was used to assess SFDB's financial management capacity.

22. The overall financial management risk is considered 'Substantial', since the proposed executing agency, the National reconstruction Authority is yet to be established. In the interim, MOF will act as the executing agency. At DOE, (i) the fund release remains unreliable, (ii) the internal audit and internal control functions are weak, (iii) project financial records are maintained manually, and (iv) human resource capacity is often inadequate. SFDB's financial management risk is considered moderate. SFDB has a separate division for internal audit and inspection. This division conducts internal audits of all the area officers and sample of its clients (partner SFCs). Audit findings are reported to an audit committee consisting of two board members and the manager of the internal audit division. Lack of proper annual internal audit plan, not having adequate resources allocated for the internal audit division, and weakness in follow-up process are identified as key constrains.

23. Risk mitigating measures for the EEAP will be applied for the Project. In addition, for SFDB, a competent project coordinator consultant who has substantial experience in ADB project management will be recruited to handle accounting, monitoring and audit.

24. On the positive side, despite the issues noted above, both DOE and SFDB have experiences in successfully implementing past and ongoing ADB funded projects. Audited project financial statements are submitted on time, auditor has issued a clean unqualified audit opinion and the IAs have established accounting, reporting and budgeting procedures in place in line with government regulations. DOE and MOF [FSMD]/SFDB PIUs will be supplemented by additional full time qualified accountants and consultants. Accordingly, adequate capacity exists for the purpose of removing the Statement-of-Expenditure (SOE) ceilings.

### B. Disbursement

25. The grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time),<sup>4</sup> and detailed arrangements agreed upon between the Government and ADB. Online training for project staff on disbursement policies and procedures is available at: [http://wpqr4.adb.org/disbursement\\_elearning](http://wpqr4.adb.org/disbursement_elearning). Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

26. DOE and MOF (FSMD) will, immediately after grant effectiveness, each establish and maintain an imprest account for the ADB grant at the Nepal Rastra Bank. The currency of the imprest accounts is the US dollar. The imprest accounts are to be used exclusively for ADB's share of eligible expenditures. DOE and MOF (FSMD) who established the imprest accounts in their names are accountable and responsible for proper use of advances to the imprest accounts including advances to the subaccounts.

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<sup>4</sup> Available at: <http://www.adb.org/Documents/loan-disbursement-handbook>



27. The total outstanding advance to the imprest accounts should not exceed the estimate of ADB's share of expenditures to be paid through the imprest accounts for the forthcoming 6 months. DOE and MOF (FSMD) may request for initial and additional advances to the imprest accounts based on an Estimate of Expenditure Sheet<sup>5</sup> setting out the estimated expenditures to be financed through the accounts for forthcoming six months. Supporting documents should be submitted to ADB or retained by the executing and implementing agencies in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time). For every liquidation and replenishment request of the imprest account, DOE and MOF (FSMD) will furnish to ADB (a) Statement of Account (Bank Statement) where the imprest account is maintained, and (b) the Imprest Account Reconciliation Statement (IARS) reconciling the above mentioned bank statement against the DOE or MOF (FSMD)'s records.

28. Under MOF imprest account, separate subaccount should be established and maintained by SFDB. The subaccounts are to be used exclusively for ADB's share of eligible expenditures. MOF (FSMD) should ensure that every liquidation and replenishment of each subaccount is supported by sufficient documentation in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time).

29. The SOE<sup>6</sup> procedure may be used for reimbursement of eligible expenditures or liquidation of advances to the imprest accounts. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review mission, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.

30. Before the submission of the first withdrawal application, MOF should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is US\$100,000 equivalent. Individual payments below this amount should be paid by the DOE/MOF (FSMD) and subsequently claimed from ADB (i) through reimbursement; or (ii) from the imprest/sub-account, unless otherwise accepted by ADB.

### **C. Accounting**

31. The executing agency (EA) will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project. MOF, the EA, will prepare consolidated project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

### **D. Auditing and Public Disclosure**

32. The EA will cause the detailed consolidated project financial statements to be audited in accordance with International Standards on Auditing and with the Government's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements will be submitted in the English language to ADB within six months of the end of the fiscal year by the EA.

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<sup>5</sup> Format provided in Appendix 10B of the *Loan Disbursement Handbook*.

<sup>6</sup> Checklist for SOE procedures and formats are provided in Appendix 9A and 9B of the *Loan Disbursement Handbook*.

33. The annual audit report for the project accounts will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; (ii) whether grant proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the legal agreements for the project; (iv) use of the imprest fund procedure; and (v) the use of the statement of expenditure procedure certifying to the eligibility of those expenditures claimed under SOE procedures, and proper use of the SOE and imprest procedures in accordance with ADB's Loan Disbursement Handbook and the project documents.

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

35. The Government, EA and IAs have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements. ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

36. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011). After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website. The Audit Management Letter will not be disclosed.

## **VI. PROCUREMENT AND CONSULTING SERVICES**

### **A. Advance Contracting and Retroactive Financing**

37. All advance contracting and retroactive financing will be undertaken in conformity with ADB's *Procurement Guidelines* (2015, as amended from time to time) (ADB's *Procurement Guidelines*)<sup>7</sup> and ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time).<sup>8</sup> The consultants for (i) engineer advisor (earthquake resistant building design for DOE); (ii) project manager (JFPR); (iii) school project coordinator (school safety – JFPR); (iv) training specialist (model schools for DOE); (v) architect (model schools for DOE); (vi) ICT specialist (model schools for DOE); and (vii) procurement and financial management specialist for DOE, ADB will help to select and the Government will contract and administrate. The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The recipient, executing and implementing agencies have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the Project. For eligible expenditures incurred for consulting services, procurement of goods and civil works, training and capacity building and credit line after 25 April 2015, and up to a maximum of 30% of the grant amount.

<sup>7</sup> Available at: <http://www.adb.org/Documents/Guidelines/Procurement/Guidelines-Procurement.pdf>

<sup>8</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

38. Advance contracting and retroactive financing are recommended for the recruitment of individual consultants for the implementing agencies.

## **B. Procurement of Goods, Works and Consulting Services**

39. All procurement of goods and works, and recruitment of consulting services will be undertaken in accordance with the simplified and expedient procedures permitted under the ADB's Disaster Emergency Assistance Policy (2004), Procurement Guidelines (2015, as amended from time to time), and Guidelines on the Use of Consultants (2013, as amended from time to time). As a general principle, the project's approach to procurement of Works will be in line with Procurement Guidelines para 3.18, which reads as follows:

40. **Procurement under disaster and emergency assistance.** *“Procurement of goods and works under disaster and emergency assistance shall incorporate greater flexibility. International competitive bidding (ICB) requirements will be relaxed in favor of national competitive bidding (NCB) with an abbreviated bidding period. Limited international bidding (LIB) will be the norm for procurement of goods with minimum bidding periods ranging from one to two weeks. Direct contracting to contractors and suppliers under existing loans or grants will be allowed for new contracts, with rates negotiated around those in effect for the existing contract with adjustments as required for inflation and physical considerations. Similarly, contractors and suppliers competitively selected under projects financed by other donors will be considered for direct contracting for new ADB-financed contracts.”*

41. According to ADB's Country Governance Risk Assessment and Risk Management Plan for Nepal,<sup>9</sup> Nepal's public procurement indicators scored poorly. Nepal's public procurement is governed by the Public Procurement Act (PPA, 2007) and the Public Procurement Regulation (PPR, 2007) of Nepal, prepared within the framework of the United Nations Commission on International Trade Law, regulate how procurement is to be conducted. Public procurement environment continues to be adversely affected by weak enforcement of PPA and PPR. A robust public procurement system is at a very early stage of development. This situation is compounded by low capacity of the Public Procurement Monitoring Office and most procuring entities, and a weak private sector. It appears that the government's capacity to conduct procurement in an economic, efficient and transparent manner is inadequate because of the absence of sustainable and institutional procurement capacity building mechanisms.

42. In general, PPA and PPR are consistent with ADB's procurement and consulting guidelines except a few provisions including the registration of bidder, blacklisting, and notice of award. Both IAs – DOE and MOF (FSMD) lack adequate staff and resources to efficiently carry out procurement and consultant recruitment activities. Both DOE and MOF(FSMD) have experiences in ADB funded project procurement and consultant recruitment. Based on these assessments, the thresholds for procurement of works and goods, as well as consulting services, have been agreed upon with the Government of Nepal. Likewise, ADB's prior review and post review thresholds have been established in the attached procurement plan in Appendix 4.

43. **Procurement of works and goods.** NCB with a shortened bidding period of 15 days will be used. Bidding documents based on post-qualification with single-stage two-envelope procedure or single-stage one-envelope procedures are the preferred procurement options; any

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<sup>9</sup> ADB. 2013. Nepal: Country Partnership Strategy (2013-2017): Country Governance Risk Assessment and Risk Management Plan. Manila.

other procedure could be used based on assessment of suitability.

44. Flexibility in terms of choice of contract type (ad-measurement or lump-sum or milestone payments), bidding document (works; large or small and plant; design, supply and install or supply and install) will be available to DOE. The executing agency/DOE will choose the type of the contract and bidding documents in consultation with ADB.

45. ICB procedures will be used for any civil works contracts estimated to cost \$5 million and above, and any goods contracts estimated to cost \$2 million and above. NCB procedures will be used for any civil works contract estimated to cost between \$200,000 and \$4.99 million and any goods contracts estimated to cost between \$200,000 and \$1.99 million. Shopping will be used for any civil works or goods contracts estimated to cost less than \$200,000. For small, specialized equipment and materials contracts valued at less than \$30,000, direct contracting methods acceptable to ADB will be used, where relevant.

46. NCB bidding documents and procedures for works and goods for school rebuilding will follow those approved by ADB under the EEAP. All contracts will be subject to post procurement reviews in the field conducted semiannually. The implementing agencies and executing agency are required to retain a record of all procurement documents, including copies of the signed contracts and the bid evaluation reports, to be available for post procurement reviews in the field. If ADB determines during the procurement review that the agreed procurement procedures were not adhered to, it has the option to not approve the award or terms of the contract; the government will not be able to use grant proceeds to finance these contracts. If the grant proceeds have already been used to finance such contracts at the time of such determination, the government will refund to ADB the expenditures made.

### **C. Procurement Plan**

47. The procurement plan for each output is in Appendix 4.

### **D. Consultant's Terms of Reference**

48. **Recruitment of consultants.** All consultants will be recruited according to ADB's *Guidelines on the Use of Consultants*.<sup>10</sup> The terms of reference for all consulting services are detailed in Appendix 3. Individual consultants for the two implementing agencies will be recruited using shortened advertising periods of 5 days.<sup>11</sup> Experts will be engaged for earthquake resistance engineering aspects related to buildings, rural finance and cooperative microfinance, project implementation and coordination, procurement, financial management, ICT, training, etc.

## **VII. SAFEGUARDS**

49. The EEAP is classified B for environment. The Project's model disaster resilient schools will follow the same principles as under the EEAP. The Project is classified for C for both involuntary resettlement and indigenous people. A separate Indigenous Peoples Planning Framework is not required as the Project will not include activities that affect indigenous people.

<sup>10</sup> Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

<sup>11</sup> Consulting firms will not be engaged under the Project.

Constructions that will require resettlement or have impacts on indigenous peoples will not be considered for inclusion under the project.

50. The environmental assessment and review framework (EARF) prepared for EEAP in accordance with ADB's Safeguards Policy Statement 2009, will guide the preparation of initial environmental examinations (IEE) and environmental management plans (EMP) for the Project. An IEE and EMPs will be prepared and implemented for the model schools and buildings (Outputs 1 and 3) consistent with the EEAP's EARF and will be incorporated into bidding documents and contract documents to be implemented by contractors. Buildings that will require resettlement or have impacts on indigenous peoples will not be considered for inclusion under the project.

51. The Project will be implemented through the EA and IAs of the EEAP. The environment and social safeguards consultants to be recruited under the EEAP will be engaged during project implementation. The consultants will assist the PIU in screening and classification of proposed subprojects for submission to the PMU and ADB. The environmental consultant will assist the PIUs in preparing an IEE and EMPs. The consultants will assist the PIU in day-to-day implementation and monitoring of EMPs. The PIU will also obtain all clearances and fulfill government requirements. The consultants will prepare for the PIU monitoring and progress reports. The subproject selection criteria are in Appendix 5.

52. **Safeguards monitoring.** The consultants will assist the PIU in preparing safeguards monitoring reports on a semi-annual basis. Reports will be posted in a location accessible to the public. Environmental safeguards monitoring requirements, including suggested monitoring report formats, are in EEAP's environmental assessments and review framework.

53. Subproject's safe guard criteria include: Subprojects will conform with ADB's Safeguards Policy Statement, 2009 (SPS) with respect to social and environment considerations. Subprojects with significant (category A) impacts on the environment for Output 1 and 3 or environment impacts (category A and B) for Output 2 will be excluded. Subprojects with indigenous peoples and/or involuntary resettlement impacts (category A and B) will be excluded. Subprojects with activities described in ADB's Prohibited Investment Activities List will also be excluded. For environment: (i) Subprojects will not be undertaken in critical habitats and protected areas including those either legally protected or officially proposed for protection; (ii) Subprojects should follow environmental guidelines in the environmental assessment and review framework of the EEAP.

54. For social: (i) subprojects will not result in involuntary resettlement impacts or involuntary restrictions on land use or access to legally designated parks and protected areas; (ii) Subprojects will not result in impacts on indigenous peoples and will not include: (a) commercial development of cultural resources or knowledge of indigenous peoples (IP), (b) physical displacement from traditional or customary lands, (iii) commercial development of natural resources, (c) establishing legal recognition of rights to lands and territories, or (d) acquisition of land traditionally owned, customarily used, occupied, or claimed by IPs.

55. The EA's PMU will have a Safeguards (Environment and Resettlement) Focal Person to coordinate environmental and social safeguards planning and implementation with assistance from project management consultants (PMC). The PMC will include an Environment Specialist and a Resettlement Specialist engaged intermittently during project implementation. The PMU will ensure that the EARF is followed for school rebuilding under the Project. DOE's PIU will have a Safeguards Focal Person. This PIU will be assisted by design supervision consultants

(DSC) to be engaged under EEAP which will include an Environment and Resettlement Specialists engaged during project implementation. The PIU will undertake screening and classification of proposed model schools for submission to the PMU and ADB. The PIU will prepare safeguards documents for the schools approved for inclusion under the Project. Safeguards documents will be reviewed and approved by the PMU and ADB. DOE's PIU will be tasked with the day-to-day implementation and monitoring of safeguards plans. The PIU will also obtain all clearances and fulfill government requirements. The PIU will work with the district implementation unit (DIU) and District Implementation Monitoring Units (DIMU). DIUs will have a safeguards focal person with the DIMU who will be responsible for data required for safeguards plan preparation and monitoring and progress reports, and coordination with relevant departments such as departments of environment and forestry to consult and/or obtain endorsement if necessary. The PIU and DIUs will also be supported by DSCs. Institutional roles and responsibilities as detailed in the EEAP's EARF will also apply for the Project.

### VIII. GENDER AND SOCIAL DIMENSIONS

56. The project is classified as Effective Gender Mainstreaming (EGM), and a Gender Equality and Social Inclusion (GESI) Action Plan has been prepared and is presented in Appendix 5. The implementing agencies will ensure achievement of gender and social inclusion targets as per plan. The project implementation unit will collect sex, caste- and ethnicity disaggregated data of the beneficiaries of microcredit component including training and awareness activities. The PMU and PIUs will be responsible and accountable for implementation of GESI action plan.

### IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

#### A. Project Design and Monitoring Framework

57. The Design and Monitoring Framework for the Project is in Appendix 1.

#### B. Monitoring

58. **Project performance monitoring.** The executing agency, in consultation with ADB, will develop within 6 months of grant effectiveness, a project performance monitoring and reporting system. This system will be linked to the system to be developed under the EEAP. The executing agency shall develop a web-based project performance monitoring and reporting system which will include functions for accounting and expenditures incurred for the R&R program, concurrent evaluation of impacts, outcomes, outputs and activities in relation to targets and milestones established for the project and the overall R&R program for the earthquake affected areas in Nepal. The EA will prepare monitoring reports in a pre-approved uniform format for all donors, covering key aspects of the R&R program, with an additional annex specific to the Project for periodic submission to ADB as agreed.

59. **Compliance monitoring.** The recipient's compliance with covenants will be monitored through ADB's project administration missions<sup>12</sup> – including the project inception mission, when the grant covenants' compliance timetable will be discussed and agreed upon. Project review missions will appraise the compliance with grant covenants vis-à-vis the timetable agreed in the

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<sup>12</sup> Missions for the Project will be combined with missions for EEAP.

grant agreement. Non-compliance or delay in compliance will be discussed and remedial measures shall be proposed to the government for timely compliance. If required, the midterm review mission will review compliance of grant covenants and also assess whether the set of covenants are still relevant or need to be revised or waived due to changes in circumstances; if so, the mission will recommend revisions or waivers for consideration of ADB and the government.

60. **Safeguards monitoring.** The Project will use the safeguards arrangements to be established and operationalized under the EEAP. The PMC will brief the DOE PIU and DIU Safeguards Focal Persons and the DIMU on monitoring requirements for EMP implementation. Monitoring data will be generated by the DIU and DIMUs and provided to the PIU. The PIU will then verify the monitoring data and submit these and other required information to the PMU. EEAP's semi-annual environmental monitoring reports will report separately on the Project's safeguards monitoring. Reports will be posted in a location accessible to the public. The environmental safeguards monitoring requirements, including suggested monitoring report formats, are in EEAP's environmental assessments and review framework.

61. **Gender and social dimensions monitoring.** A system will be established for collection and analysis of sex, caste- and ethnicity disaggregated data and information at central and district levels and the results will be monitored by the GESI experts to be engaged under the EEAP at central and district levels, and be reflected in Semi-Annual Progress Reports.

### C. Evaluation

62. **Project review missions.** In addition to the assistance provided regularly by Headquarters and Resident Mission staff, ADB will field regular project review missions to discuss the implementation progress. The missions will also review any changes in implementation arrangements or any remedial measures that may be required for achieving the overall project outputs and outcome.

63. A midterm review of the Project will be undertaken in 2017.

64. **Project completion report (PCR).** A draft PCR will be prepared by the executing agency and shared with ADB for review during the last project review mission. Within 3 months of project completion the executing agency will submit a PCR to ADB.<sup>13</sup>

65. **Impact evaluation.** Given that the R&R Program is a multi-sector and multi-donor financed program, the executing agency will carry out parallel evaluations of the impacts of the Project's interventions on a sample basis. The evaluations will provide analysis on the multiple effects the program intervention may have had on the beneficiaries – it will answer the key question of how the interventions have impacted (positively or negatively) the quality of lives of people in the earthquake affected areas- the economic and cultural effects, outreach of public services deliveries and resultant impacts of application of "Build Back Better".

66. The Post Disaster Needs Assessment (PDNA) data available for the sectors financed under the Project can be used as baseline data for impact evaluation purposes for both the Project and the larger R&R program.

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<sup>13</sup> Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-PublicSector-Landscape.rar>

67. A consolidated midterm analysis report will be prepared and disseminated during the joint Project/EEAP midterm review mission, expected in November 2017.

#### **D. Reporting**

68. The executing agency will provide ADB consolidated: (i) semi-annual progress reports in a format consistent with ADB's project performance reporting system; (ii) annual reports including (a) progress achieved at output level, as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan and (d) updated implementation schedule for the next 12 months; and (iii) a PCR within 3 months of physical completion of the project. To ensure that the Project's interventions continue to be both viable and sustainable, consolidated project financial statements, together with the associated auditor's report, should be provided to and reviewed by ADB

#### **E. Stakeholder Communication Strategy**

69. The Project will comply with the policy of transparency and accountability of the ADB Public Communications Policy (PCP) 2011 through the use of communications strategy that will ensure (i) available information about the project reaches all people concerned, and (ii) stakeholders, including women and other vulnerable groups, are able to participate. This strategy will use a range of communication tools and technologies, which will be tailored according to the needs and conditions of specific audiences. Specifically, the stakeholder communications strategy of the EEAP will also be applied for the Project. This strategy includes the following approaches:

- (i) The government will cause the EA to ensure that all project staff are fully aware of –and capable of explaining to stakeholders– the ADB procedures, including, but not limited to, procedures for implementation, procurement, use of consultants, disbursements, reporting, monitoring, and prevention of fraud and corruption;
- (ii) The PMU and PIUs, through the assistance of its consultants and the ADB's technical assistance, will set up a website within 3 months of loan effectiveness and disclose all key project-related information, including the scope, cost, and financial and institutional arrangements of the project, project safeguard reports such as IEE and RPs, and project progress such as procurement, contract award and disbursement. The Project will disclose the audited financial project financial statements as part of ADB PCP 2011. The website will also include information on project procurement including the list of participating bidders, name of each winning bidder, basic details on bidding procedures adopted, the value of each contract awarded, and the list and value of goods/services procured and the intended utilization of loan proceeds under each contract being awarded. The website will also provide contact details on the PMU and PIU counterpart staff in the English and Nepali languages, and will link to ADB's Integrity Unit website at <http://www.adb.org/Integrity/complaint.asp> for reporting to ADB any grievances or allegations of corrupt practices arising out of the project and/or project activities. The PMU and PIU consultants will assist to undertake disclosure;
- (iii) For those without access to online technology, traditional methods shall be used, such as among others, the posting of project information documents (in Nepali and English languages) in bulletin boards of the PMU and PIU for public viewing; face-to-face communications (presentations during meetings and forums); and community media (brochures, posters) if applicable; and



- (iv) Setting up of a multi-stakeholder participation mechanism, which will ensure sufficient consultation and participation of beneficiaries, including women, the poor and vulnerable groups, in all phases of the Project.

## X. ANTICORRUPTION POLICY

70. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the Project.<sup>14</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all Project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the Project.<sup>15</sup>

71. To support these efforts, relevant provisions are included in the financing agreement, project agreement and the bidding documents for the Project. In particular, all contracts financed by ADB in connection with the project will include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency, Implementing Agencies (IAs) and all contractors, suppliers, consultants, and other service providers as they relate to the project. ADB will disseminate ADB's anticorruption policy to executing agency and the IAs.

72. The Commission for the Investigation of Abuse of Authority (CIAA), as the constitutional anticorruption agency, has powers to investigate any irregularities in the Project. This includes financial irregularities, as well as corruption of government officials and officers and employees of autonomous bodies.

73. Project-specific measures to enhance governance and prevent corruption, designed with the stages of project implementation and the disbursement chain in mind, include (i) the requirement for PMU and PIUs to follow government's Standard Operating Procedure for all expense and revenue items including cash and the proper and accurate maintenance of financial records; (ii) establishing a project website at PMU to provide transparency on project details; and (iii) adhering to risk assessment and risk mitigation plan, which is in Appendix 2.

74. For civil works related to school rebuilding, the major risks are of collusion to overprice bids and approve low volume and quality built works. PMU and DOE's PIU will carry technical audit of randomly selected contracts twice a year. The report will be shared with MOF, CIAA and ADB on confidential basis. Contractors will be made to disclose basic information of contracts in each construction site through display board.

75. Furthermore, the Project intends to maximize transparency, as described in Section IX above. Full information disclosure and participatory monitoring at both the central and the local levels are expected to be effective in reducing the risk of corruption and improving governance at central and local levels.

76. The Project will use the the grievance redress mechanism to be developed under EEAP.

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<sup>14</sup> Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>15</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

## **XI. ACCOUNTABILITY MECHANISM**

77. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make a good faith effort to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>16</sup>

## **XII. RECORD OF PAM CHANGES**

78. The first draft of the PAM was agreed upon at 7 September 2015. All revisions/updates during the course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.

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<sup>16</sup> For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

## DESIGN AND MONITORING FRAMEWORK

<b>Impacts the Project is Aligned with:</b> Improved equity and enhanced social inclusion, and enhanced disaster preparedness and resilience of earthquake-affected communities (Nepal Earthquake 2015 Post Disaster Needs Assessment) <sup>a</sup>			
<b>Project Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks</b>
<b>Outcome</b>  Livelihood and schooling in poorer and more severely earthquake-affected communities restored with better disaster resilience	<p>a. Enrollment rates in primary and secondary schools restored to pre-earthquake level (98% primary; 67% secondary) by 2018 (2015 [post-earthquake] baseline: not available)</p> <p>b. Average real annual household income of the affected communities restored up to the pre-disaster level (NRs125,000) by 2018 (2015 [post-earthquake] baseline: not available)</p> <p>c. At least 80% of the selected village development committees (VDCs) for disaster risk capacity building; developed a disaster risk management plan by 2018 (2015 baseline: not applicable)</p>	<p>a. School Level Educational Statistics of Nepal: Consolidated Report, Department of Education (annual)</p> <p>b. Ministry of Finance Economic Survey Report (annual)</p> <p>c. Quarterly progress reports from the Department of Education, Ministry of Finance (Financial Sector Management Division), and Small Farmers Development Bank</p>	Unfavorable economic conditions at the national level and significant delays in the implementation of earthquake recovery programs make it difficult to restart rural economic activities.
<b>Outputs</b>  1. Schools in poorer and severely affected districts constructed or rebuilt as model disaster-resilient schools  2. Microcredit facility for livelihood restoration provided to members of small farmers' cooperatives (SFCs)  3. Disaster risk management capacity of the affected communities strengthened	<p>1a. At least 14 model schools with disaster-resilient features rebuilt by 2018 (2015 baseline: not applicable)</p> <p>2a. Livelihood restoration microcredit provided to at least 12,500 affected borrowers (including 60% women) by 2018 (2015 baseline: not applicable)</p> <p>3a. Community-based disaster risk management training conducted in at least 30 VDCs by 2018, with women comprising 50% of participants (2015 baseline: not applicable)</p>	<p>1a. Quarterly progress reports from the Department of Education, Ministry of Finance (Financial Sector management Division), and Small Farmers Development Bank</p> <p>2a. Quarterly progress reports from the Department of Education, Ministry of Finance (Financial Sector Management Division), and Small Farmers Development Bank</p> <p>3a. Quarterly progress reports from the Department of Education, Ministry of Finance (Financial Sector Management Division), and Small Farmers Development Bank</p>	Delay in implementation due to short working season, difficult terrain, low capacity of contractors, and labor shortage

Project Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p>3b. Community-based disaster-resilient construction training conducted in at least 90 VDCs by 2018 (2015 baseline: not applicable)</p> <p>3c. Training for school communities<sup>b</sup> on disaster risk management provided in at least 30 VDCs, with girls and women comprising 50% of participants (2015 baseline: not applicable)</p>	<p>3b. Quarterly progress reports from the Department of Education, Ministry of Finance (Financial Sector Management Division), and Small Farmers Development Bank</p> <p>3c. Quarterly progress report from the Department of Education, Ministry of Finance (Financial Sector Management Division), and Small Farmers Development Bank</p>	
<p><b>Key Activities with Milestones</b></p> <p><b>Output 1. Schools in poorer and severely affected districts constructed or rebuilt as model disaster-resilient schools</b></p> <p>1.1 Establish project implementation unit and recruit consultants (Q4 2015)  1.2 Review school designs and construction process (Q1 2016–Q2 2017)  1.3 Identify schools (Q1–Q2 2016)  1.4 Prepare designs, cost estimates, and bid document (Q2–Q3 2016)  1.5 Procurement of civil works contract (Q3 2016)  1.6 Construction: Batch 1 schools (Q4 2016–Q3 2017)  1.7 Construction: Batch 2 schools (Q3 2017–Q3 2018)</p> <p><b>Output 2. Microcredit facility for livelihood restoration provided to members of SFCs</b></p> <p>2.1 Recruit consultant (Q1 2016)  2.2 Develop lending policy, risk management policy, and products with SFCs (Q4 2015)  2.3 Select SFCs to disburse loans (Q1 2016)  2.4 Receive funding from the Ministry of Finance (Q1 2016)  2.5 Capacity building of SFCs (Q1–Q3 2016)  2.6 Disbursement of first loan installment (Q1–Q2 2016)  2.7 Disbursement of second loan installment (Q2–Q3 2016)</p> <p><b>Output 3. Disaster risk management capacity of the affected communities strengthened</b></p> <p>3.1 Review and develop training materials (Q1 2016)  3.2 Training on disaster-resilient construction and disaster risk management (Q2 2016–Q3 2018)  3.3 Training on school-based disaster risk management (Q2 2016–Q3 2018)</p> <p><b>Inputs</b>  Japan Fund for Poverty Reduction: \$15 million  Government of Nepal: \$1.3 million  Small Farmers Development Bank: \$1.5 million</p> <p><b>Assumptions for Partner Financing</b>  Not applicable.</p>			

<sup>a</sup> Government of Nepal. National Planning Commission. 2015. *Nepal Earthquake 2015 Post Disaster Needs Assessment*. Kathmandu.

<sup>b</sup> Includes teachers, education administrators, school management committee members, and VDC members.  
Source: Asian Development Bank.

## RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
<p><b>Political economy</b></p> <p>Prolonged political transition may affect formulation of the National Reconstruction Authority</p>	High	<p>Development partners continue the dialogue with the government and key stakeholders to support the rehabilitation and reconstruction program under the ongoing political processes. The National Reconstruction Authority is expected to be established and provided with adequate financial and approval authority to allow it to execute the rehabilitation and reconstruction program successfully.</p>
<p>Weak interagency coordination may undermine effective implementation of the rehabilitation and reconstruction program</p>	Medium	<p>The Government of Nepal is to set up the National Reconstruction Authority to steer the rehabilitation and reconstruction program. It will (i) act as a policy-making body; (ii) provide advice and guidance on reconstruction programs; and (iii) coordinate with line agencies to formulate, implement, and monitor the programs. Until the National Reconstruction Authority is established, the Ministry of Finance will be the executing agency.</p>
<p><b>Implementation capacity</b></p> <p>Low implementing capacity of the government may curtail fast-track project implementation</p>	High	<p>To fast-track implementation, the project will (i) support the executing agency with project management consultants to help manage, monitor, evaluate, and report on project progress; and (ii) establish ministerial PIUs to provide technical, financial, and institutional support. PIUs will be reinforced with consultants to assist the implementing agencies with design, construction supervision, safeguard application, procurement, financial management, and reporting.</p> <p>For the microcredit component, the implementing agency, SFDB, has a record of successfully implementing microfinance activities in remote areas under ADB projects in Nepal. The component's implementation will be supported by a national project coordination specialist, who has extensive ADB project implementation experiences.</p>
<p>Weak capacity of implementing agencies for procurement and contract management</p>	Medium	<p>Adequate consulting support will be provided to overcome the capacity constraints of the executing and implementing agencies. The executing agency will periodically review and monitor the progress of procurement and ongoing contracts to ensure the timely completion of works.</p>
<p>Low implementing capacity of contractors may delay delivery of large-scale emergency</p>	High	<p>The qualification requirements will be reduced since the works are simple and repetitive, and skilled labor is in short supply. Contractors will receive training. To help support contractors' cash flow, an advance of 20% can be provided against a reputable bank's guarantee.</p>

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
reconstruction and rehabilitation works		
<p><b>Financial management</b></p> <p>Compliance with the financial management system may not be fully satisfactory</p>	High	<p>The executing agency will set up a unified web-based project monitoring and management information system in the PMU, PIUs, and district counterparts to monitor implementation, fund flows, accounting, and audit and reporting functions within one year of the project's start date. The attached technical assistance to the Earthquake Emergency Assistance Project will also provide support for operationalizing an electronic tracking system of expenditures and outputs.</p> <p>For the microcredit component, SFDB, the implementing agency, is a class D financial institution (microfinance institution) licensed and supervised by the Central Bank of Nepal. As a regulated financial institution, SFDB is subject to on-site and off-site supervision by the Central Bank of Nepal, and needs to comply with financial reporting, auditing, and other regulations and directives.</p>
<p><b>Anticorruption measures</b></p> <p>Corruption-related issues may arise covering all aspects of project-financed activities</p>	Medium	<p>The rehabilitation and reconstruction program has a monitoring and reporting mechanism that will promote better transparency. Disclosure of information about the use of funds will be required of the executing and implementing agencies.</p> <p>SFDB onlends the grant proceeds from the project imprest account. As a lending institution, SFDB has a centralized information management system that can collect the information on borrowers.</p>
Collusion to overprice bids	Medium	PMU and PIUs will carry out technical audits of randomly selected subprojects twice a year. The reports will be shared with the Ministry of Finance and ADB on a confidential basis. Contractors will be required to display basic contract information at each construction site.
<p><b>Other risks</b></p> <p>Delay in execution of works because of a limited working season and unpredictable and harsh weather conditions</p>	High	Project construction activities will be scheduled in such a way that the available working season is efficiently utilized. Only those works that can realistically be completed in the given timeframe are included. Financial and human resources will be allocated to the project areas for certain periods contingent on when and to what extent extreme weather conditions could restrict works.
Lack of sufficient construction materials and	Medium	To the extent possible, the project will source locally available (climate and earthquake resilient) materials and equipment for rebuilding. Where or when necessary, the executing agency will

<b>Risk Description</b>	<b>Risk Assessment</b>	<b>Mitigation Measures or Risk Management Plan</b>
equipment may lead to delays in construction		facilitate required statutory clearances to ensure adequate availability of construction materials for civil works under the project.
Lack of sustainability of infrastructure and physical assets rebuilt under the project	High	The assets will be transferred to the respective line ministry and the communities to promote utilization and maintenance. Line ministries will be encouraged to provide special operation and maintenance allocations in their annual budgets to ensure long-term sustainability.
Risk of further natural disasters and their adverse impact on regional economies	Medium	The underlying principle of the government's rehabilitation and reconstruction policy is to "build back better." The rehabilitation and reconstruction program will incorporate higher building standards to withstand earthquakes as well as climate proofing of existing infrastructure, including schools. While this will improve some infrastructure in the rebuilt parts of the project area, the country will remain at risk, and other unprotected areas will remain at high risk.
The government may announce grant or loan waiver schemes that might deter people's demand for the project's livelihood restoration microcredit	Medium	The government announced relief packages on 29 April 2015, including (i) a NRs150,000 cash grant for emergency shelters, (ii) a NRs2,000,000 grant for house reconstruction, and (iii) loan waivers for loans up to NRs50,000 for vulnerable affected borrowers. Except for the NRs150,000 grant, the government has not yet finalized the implementation plan. The implementing agency will closely coordinate with the government to make adjustments to the microcredit operations as necessary to capitalize the government's relief packages along with the proposed microcredit so that benefits to affected households can be maximized. Beneficiaries will also be informed of the microcredit funding sources and their repayment obligations under the project.
The earthquake impacted borrowers' livelihood and income-generating capacity, so the livelihood restoration microcredit component may experience higher delinquency rates	Medium	The affected people's income-generating capacity has been significantly reduced due to loss of livestock, loss of agricultural inputs, damages to land and soil, landslides, and damage to production bases. Without assistance to restore their livelihood, they cannot resume their income-generating activities. However, due to the constrained income-generating ability, they cannot obtain commercial sources of finance. The project's microcredit component will restore the affected people's ability to generate income and increase their self-reliance. Target beneficiaries are members of small farmers' cooperatives with good credit history. The project's microcredit comprises concessional loans with extended maturities to match affected borrowers' repayment capacity. For new members, SFDB will conduct credit risk assessment and client due diligence.
<b>Overall</b>	<b>High</b>	This is a high-risk environment, but the Government of Nepal, with the support of ADB and other development partners, is taking credible measures to manage the risks.

ADB = Asian Development Bank, PIU = project implementation unit, PMU = project management unit, SFDB = Small Farmers Development Bank.

Source: Asian Development Bank.

## OUTLINE TERMS OF REFERENCE<sup>1</sup>

### I. Department of Education (DOE)

#### A. Project Management Specialist – (national, 36 person-months)

1. The Project Manager will have a bachelor degree in public administration, economics, rural development or equivalent, with at least five years working experience in project management and/or monitoring of projects financed by donor agencies. The Manager will work under the guidance of the Director of the PIU at DOE and in close collaboration with the Project's implementing agencies as well as with relevant stakeholders. He/she will assist the Director in project implementation and monitoring with the objective to achieve the Project's objectives, milestones and targets. The Manager will undertake the following tasks:

- (i) Liaise with the other consultants to monitor project implementation progress and assist in resolving implementation issues.
- (ii) Conduct periodic visits to Project sites to gain first-hand information about project implementation and obtain feedback from stakeholders about initial project results.
- (iii) Liaise with the SFDB for organizing disaster resilient construction training and community based disaster risk management program to SFCs
- (iv) Assist the PIU in organizing meetings of the project coordination committee; provide periodic implementation progress updates to the committee.
- (v) Support ADB review mission and contribute to the Project's/EEAP mid-term review.
- (vi) Liaise with the other consultants and prepare consolidated quarterly project progress reports for submission to DOE, MOF and ADB.
- (vii) Assist the PMU in preparing the Project Completion Report.

#### B. School Project Coordinator (School Safety) – (national, 36 person-months)

2. The School Project Coordinator will have a Degree in Civil Engineering and preferably additional qualifications in project management, or equivalent. The coordinator will have preferably 10 years of project management experience and will be fluent in both English and Nepali. The coordinator will work closely with the PIU project director and the consultant Project Manager, and is responsible for the day-to-day management of the Kathmandu PIU team and district field teams, and relationship with the local authorities and project beneficiaries. The main tasks of the specialist will include:

- (i) To support the project director in all aspects of the project management of the model school component of the JFPR Project (the Project);
- (ii) Take full responsibility for the effective functioning of PIU;
- (iii) Ensuring the PIU undertakes the project implementation according to project schedule, and capacity building of stakeholders;

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<sup>1</sup> For the consultants for (i) engineer advisor (earthquake resistant building design for DOE); (ii) project management specialist ; (iii) school project coordinator (school safety); (iv) training specialist (model schools for DOE); (v) architect (model schools for DOE); (vi) ICT specialist (model schools for DOE); and (vii) procurement and financial management specialist for DOE, ADB will help the IA to select, and the IA will contract and administrate in accordance with ADB's Guidelines on the Use of Consultants (April 2013, and as amended from time to time).



- (iv) Take full responsibility for coordination and integrated action between field units, other consultants, various government institutions, project beneficiaries, NGOs, accounts, MIS and administration units of PIU and provide clear directions and decisions on all aspects of the project implementation; and
- (v) Be responsible for preparation of reports to DOE, PMU, ADB and GON.

**C. Procurement and Financial Management Specialist – (national, 12 person-months)**

3. An engineering or equivalent degree and over 5 years professional experience in public procurement of goods, services and civil works and contract management; hands-on experience in contract management for public investment projects as well as disbursement financed by ADB and/or other multilateral agencies; and in-depth knowledge of ADB's procurement guidelines. The expert should have worked recently in an ADB or WB financed project. The main tasks of the specialist will include:

- (i) Assume full responsibility for all procurement to be conducted by PIU;
- (ii) Support the contract management of the Project;
- (iii) Support the engagement of nongovernment organizations (NGOs), local stakeholders, community associations and other agencies to undertake small program of works;
- (iv) Support the engagement of small contractors or community groups to undertake contracts including direct contracting arrangements;
- (v) Providing intermittent short training to key implementing agency staff and other relevant government staff in ADB's procurement guidelines and principles;
- (vi) Preparing concise reports regarding procurement matters, contracting and contract management;
- (vii) Assessment of the procurement capacity of implementing agency and propose institutional capacity building, if required;
- (viii) Supporting implementing agency in preparing procurement notices, documents for consulting services, pre-qualification, bidding and contract documents for goods, consulting and NGO services, civil works, considering ADB's and government's procurement guidelines and the participatory approach to schools reconstruction program adopted by the DoE;
- (ix) Assisting implementing agency in obtaining clearance on procurement matters from government and ADB as the case may be;
- (x) Preparation and updating of detailed procurement plan for goods, services and works for subprojects;
- (xi) Packaging of procurement contracts, in line with the thresholds established for ADB financed projects in Nepal for procurement of goods and works (comprising contracts that will be procured under international and national bidding procedures, shopping, etc.);
- (xii) Prepare tender and contract documents (including cost) for all procurement related to the schools reconstruction program; and
- (xiii) Advise on procurement strategies in accordance with the Government's and ADB's procurement guidelines and identify areas of discrepancy between the two, if any, and help in resolving them.
- (xiv) Preparing, developing, maintaining and using an accounting database system to maintain all transaction and procurement records of the PIU;
  - a) Setting up an project specific bank account in the name of PIU and maintaining it;

- b) Tracking and expediting payments to suppliers, contractors, consultants and others;
- c) Preparing and submitting payment invoices to PMU and ADB under the appropriate disbursement categories;
- d) Book keeping of all expenses, payments and accounts to meet the professional statutory requirements of GON;
- e) Facilitating and cooperating with auditors and procurement audits whenever required; and
- f) Ensuring all project financial activities are aligned to ADB & GON disbursement requirement and highest level of integrity is maintained in all financial transactions.

#### **D. ICT Specialist – Model Schools (national – 3 pm)**

4. The Specialist will work under the guidance of the Project Director of DOE's PIU and in close collaboration with the consultants to be engaged under the Project and the Design and Supervision Consultant to be engaged under EEAP. S/he will undertake the following tasks:

- (i) Determine the appropriate and cost effective approach and technology to link model schools with the schools in the model school's catchment area.
- (ii) For each school, design the required communication equipment and prepare specifications, bill of quantities and costs.
- (iii) For each model school design a complete package of ITC equipment and peripherals in close collaboration with the DOE and the management of the model schools; prepare specifications and bill of quantities.
- (iv) Assist DOE in the evaluation of bids received for the communication and ITC equipment
- (v) Assist DOE in undertaking acceptance tests of installed equipment.
- (vi) Following installation of the equipment, provide on-hands training in the use and maintenance of the equipment.

#### **E. Architect – Model Schools (national – 5 pm)**

5. The Architect will work under the guidance of the Project Director of DOE's PIU and in close collaboration with the consultants to be engaged under the Project (including the international JICA expert) and the Design and Supervision Consultant to be engaged under EEAP. S/he will undertake the following tasks:

- (i) Review the type designs to be used for school rebuilding.
- (ii) Based on (i), propose adjustments and/ or extension of buildings to address the specific architectural requirements for each school that is to function as a model school;<sup>2</sup> develop the required architectural designs.
- (iii) For those model schools requiring residential buildings for teachers and/or dormitories for students, develop the required architectural designs taking into account local cultural and gender aspects.

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<sup>2</sup> It is envisaged that some schools will also have facilities to accommodate and support selected educational community activities.

#### **F. Training Specialist – Model Schools (national – 6 pm)**

6. The Specialist will work under the guidance of the Project Director of DOE's PIU and in close collaboration with relevant stakeholders including the management of the model school, DOE's and other relevant agencies' staff at district level as well as with community representatives. S/he is to develop a training program that aims to connect the model school with the surrounding communities supporting specific disaster risk management educational programs. S/he will undertake the following tasks:

- (i) For each school, consult with the stakeholders to determine the most relevant educational programs to be supported through the model school.
- (ii) For the selected program, assemble and/or develop a package of training material; where required arrange for the translation of the training material in the local language.
- (iii) Conduct training-of trainers classes at each model school.
- (iv) Monitor the performance of trainers, evaluate the appropriateness of the training material and revise the material, if necessary, to enhance the effectiveness of the training.

#### **G. International Engineer Advisor – Disaster Resistant Building Design and Construction (5 person-months [pm])**

7. The Advisor will have civil engineering masters degrees, or equivalent, with at least 10 year experience in low-rise building design and construction in earthquake prone areas and at least 5 year working experience in Nepal or other countries with similar geographical and development conditions.

8. The Advisor will work under the guidance of the Project Director of Department of Education (DOE)'s Project Implementation Unit (PIU). The Engineer's main tasks will include, but are not limited to:

- (i) Following mobilization, visit a number of earthquake affected districts to appreciate the local conditions and to gain first-hand insight in the factors for the recent earthquake damage.
- (ii) Interact on earthquake resistance design and construction related aspects with national, regional and international engineers who are or have been actively involved in the design and construction of rural housing and low-rise public buildings.
- (iii) Review the design and construction guidelines and norms for school buildings which are currently applied for ongoing school building programs/projects in Nepal.
- (iv) Based on (i), (ii) and (iii) above and in collaboration with the Design and Supervision Consultant to support DOE under the Earthquake Emergency Assistance Project (EEAP), review the "type" designs to be considered for model schools; recommend adjustments in or alternatives for the designs, if appropriate, to improve earthquake resistance of the buildings thereby maximizing the use of local materials and taking into account the capacities of local contractors.
- (v) Also based on (i), (ii) and (iii) above, review the guidelines developed by the Department of Urban Development and Building Construction and other organizations for safe rebuilding/ construction; propose adjustments and/or

alternatives, if appropriate, to enhance the earthquake resistance of rural housing.

- (vi) Present the outcomes under (iv) and (v) among relevant professionals working in Nepal through a workshop.
- (vii) Once rebuilding of model schools is in progress, visit construction sites to observe construction challenges and propose, if appropriate, further design adjustments to improve construction quality and facilitate adoption of the designs for subsequent school building programs.
- (viii) Summarize the design and construction proposals made during the assignment and present these among relevant professionals working in Nepal through a second workshop.

## **II. Ministry of Finance (MOF)/Financial Sector Management Division (FSMD)**

### **A. Project Coordinator/Rural Finance Specialist (National, 18 person-months, intermittent)**

9. The Project Coordinator/Rural Finance Sector Specialist shall have more than 10 years of experience in rural finance sector including in microfinance. The experience in post-conflict or disaster affected situation is an advantage. The project coordinator shall also have a track record of successfully implementing Asian Development Bank (ADB) funded loans and grant projects. He or she shall be fully familiar with ADB's project administration policies, guidelines and procedures. The specialist will:

- (i) Coordinate with the project management unit and assist the Director of the project implementation unit (PIU) and the Small Farmers Development Bank (SFDB – the partner financial intermediary) to achieve the objectives, milestones and target of the Project.
- (ii) Assisting PIU Director and arrange the imprest account opening, withdrawal application preparation, account audit and other necessary tasks to ensure smooth fund flow and disbursement for microcredit onlending and training to affected communities.
- (iii) Liaise with the program steering committee and provide periodical updates on the microcredit component progress.
- (iv) Supervise the engagement of a firm of accountants to undertake the annual project account audit including with the preparation of Terms of Reference.
- (v) Liaise with other PIU and prepare quarterly project progress reports including progresses from each implementing agencies and national consultants.
- (vi) Other tasks as reasonably requested by the government, SFDB and ADB.

### **B. Microfinance Cooperative Specialist for Small Farmers Development Bank (national, 36 person-months)**

10. The Microfinance cooperative specialist shall have more than 10 years of experience in operation, management, and development of financial institutions and cooperatives. Working experience in and knowledge on micro and rural finance and savings and credit cooperatives are essential. Working experience in post-conflict or disaster affected areas as well as ADB funded projects will be an advantage. Reporting to and working with the management of the SFDB, the specialist shall:

- (i) Support the management of SFDB in the implementation of the Project's microfinance component to ensure that the expected targets and milestones are achieved in a timely manner. Identify any shortfall in achieving the target and propose appropriate remedial measures.
- (ii) In coordination with the project coordinator/rural finance specialist, arrange disaster risk reduction training programs in cooperation with the Department of Urban Development and Building Construction and/or the Council for Technical Education and Vocational Training (CTEVT) for Small Farmers Cooperatives (SFCs). Identify any other training and capacity building needs of SFCs and include in the training program plans.
- (iii) In support of the Project Coordinator/Rural Finance Specialist, periodically review the progress of the microcredit and training activities and prepare progress reports for the inputs for the quarterly project progress reports and other report requirements.
- (iv) Lead the process to identify recovery and reconstruction needs of affected SFCs and develop funding and operational plans to address such needs.
- (v) Any other tasks as reasonably requested by the government, SFDB management, board of directors, and ADB.

## PROCUREMENT PLAN

### Basic Data

<b>Project Name:</b> Disaster Risk Reduction and Livelihood Restoration for Earthquake Affected Communities	
<b>Project Number:</b> 49202	<b>Approval Number:</b> ....
<b>Country:</b> Nepal	<b>Executing Agency:</b> Ministry of Finance (for interim period)
<b>Project Financing Amount:</b>	<b>Implementing Agency:</b>
<b>JFPR Financing:</b> US\$ 15,000,000	- Department of Education (DOE)
<b>Non-ADB Financing:</b>	- MOF (Financial Sector Management Division)
<b>Government:</b> 1,300,000	- Small Farmers Development Bank (partner financial intermediary)
<b>Small Farmers Development Bank:</b> 1,500,000	
<b>Date of First Procurement Plan:</b> 19 June 2015	<b>Date of this Procurement Plan:</b> ____ 2015

### A. Methods, Thresholds, Review and 18-Month Procurement Plan

#### 1. Procurement and Consulting Methods and Thresholds

1. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding for Goods	US\$ 2,000,000 and Above	
National Competitive Bidding for Goods	Between US\$ 200,000 and US\$ 1,999,999	
Shopping for Goods	Below US\$200,000	
International Competitive Bidding for Works	US\$ 5,000,000 and Above	
National Competitive Bidding for Works	Between US\$ 200,000 and US\$ 4,999,999	
Shopping for Works and Services	Below US\$200,000	
Consulting Services		
Method	Comments	
Individual Consultants Selection for Individual Consultant	Reduced advertisement period of 5 days	
Single Source Selection		

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

2. The following table lists goods and works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value	Procurement Method	Review (Prior/ Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
DOE works package	Model schools in earthquake affected districts, both new ones and retrofitting.	Total \$3.45 million in multiple lots. Each lot between \$600,000 to \$1,200,000	NCB	PRIOR for first NCB. POST for all others.	1S2E	Q1/ 2016	Prequalification of Bidders: N  Bidding Document: Works-small
DOE works package	Model schools in earthquake affected districts, both new ones and retrofitting.	Total \$3.45 million. Each lot between \$600,000 to \$1,200,000	NCB	POST	1S2E	Q1/ 2017	Prequalification of Bidders: N  Bidding Document: Works-small

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

3. The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior/ Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
CS-1	Engineer Advisor – Earthquake resistant building design for DOE	\$125,000	SSS	Not applicable	Not Applicable	Not applicable	Assignment: international (5 person-months); to be recruited, selected, contracted, and administrated by ADB
CS-2	Microfinance Cooperative Specialist – for SFDB	\$144,000	ICS	Prior	First advertisement by Q4/2015	Not applicable	Assignment: national (36 person-months)
CS-3	Project Management Specialist - JFPR	\$144,000	ICS	Prior	Fist advertisement Q4/2015	Not applicable	Assignment: national (36 person-months) ; to be recruited, selected, contracted, and administrated by ADB

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior/ Post)	Advertisement Date (quarter/year)	Type of Proposal	Comments
CS-4	School Project Coordinator (School Safety)-JFPR	\$144,000	ICS	Prior	Fist advertisement Q4/2015	Not applicable	Assignment: national (36 person-months); to be recruited, selected, contracted, and administrated by ADB

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

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

Goods, Works, Services								
Package Number	General Description	Estimated Value	Number of Contracts	Procurement Method	Review (Prior/ Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
DOE goods package-	School computers, office equipment and supplies, lab equipment, study kits, furniture	\$340,000	Several lots, each < \$200,000	Shopping	PRIOR for first package	1S2E	Q4/2015	
DOE goods package-	School computers, office equipment and supplies, lab equipment, study kits, furniture	\$340,000	Several lots, each < \$200,000	Shopping	POST	1S2E	Q4/2016	

Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior/ Post)	Advertisement Date (quarter/year)	Comments
CS-5	Project Coordinator/ Rural Finance Specialist – for SFDB	\$72,000	ICS	Prior	First advertisement by Q342015	Assignment: National
CS-6	Training Specialist-Model Schools-for DOE	\$24,000	ICS	Prior	First advertisement by Q4/2015	Assignment: National (6 person-months); to be recruited, selected, contacted, and administrated by ADB
CS-7	Architect-Model Schools-	\$20,000	ICS	Prior	First advertisement by	Assignment:



Package Number	General Description	Estimated Value	Recruitment Method	Review (Prior/Post)	Advertisement Date (quarter/year)	Comments
	for DOE				Q3/2015	National (5 person-months); to be recruited, selected, contracted and administrated by ADB
CS-8	ICT Specialist Model Schools-for DOE	\$12,000	ICS	Prior	First advertisement by Q4/2015	Assignment: National (3 person-months); to be recruited, selected, contracted, and administrated by ADB
CS-9	Procurement and Financial Management Specialist	\$48,000	ICS	Pror	First advertisement by Q4/2015	Assignment: National (12 person-months); to be recruited, selected, contracted and administrated by ADB

## B. Indicative List of Packages Required Under the Project

5. The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Goods and Works							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Review (Prior/Post)	Bidding Procedure	Comments
None							

Consulting Services							
Package Number	General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Review (Prior/Post)	Type of Proposal	Comments
None							

## C. List of Awarded and Ongoing, and Completed Contracts

6. The following tables list the awarded and on-going contracts, and completed contracts.

### 1. Awarded and Ongoing Contracts

Goods and Works							
Package Number	General Description	Estimated Value	Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments
None							

Consulting Services							
Package Number	General Description	Estimated Value	Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Comments
None							

## 2. National Competitive Bidding

7. National competitive bidding (NCB) shall be in accordance with that described as "by inviting bids and a national level" as set forth in "The Public Procurement Act, 2007" (PPA) and "The Public Procurement Regulations, 2007" (PPR) and subject to the following:

- (i) The first NCB document for both goods and works procurement shall be reviewed and approved by ADB prior to issue. These will be used for all NCB procurement under the project. The document shall include qualification and evaluation criteria and ADB's right to audit and inspect in accordance with para 1.14 of ADB's Procurement Guidelines. No other criteria other than that described in the bidding document may be used to determine the lowest evaluated responsive bidder and no form of domestic preference may be employed. A positive assessment of a bidder's qualifications to perform a contract will be a pre-requisite to an award.
- (ii) All qualified ADB member bidders and ADB member produced goods, services and works shall be eligible. Registration and licensing shall be permitted only as a condition of contract award and not participation in bidding. No award may be withdrawn for failure to obtain tax registration; license or fulfill any similar requirement without ADB's prior concurrence. No bidder will be held ineligible based on provision 63 of the PPA without ADB prior concurrence.
- (iii) The procurement of goods and works, and recruitment of consulting services will be carried out in a manner consistent with the simplified and expedient procedures permitted under the ADB Disaster Emergency Assistance Policy, ADB Guidelines for Procurement (April 2015 and as amended from time to time) and ADB Guidelines on the Use of Consultants (April 2013, and as amended from time to time). The approach to procurement of works will be inspired by Procurement Guidelines para 3.18, which allows the project to incorporate greater flexibility than non-emergency projects, with reduced bidding periods for works, goods and services, direct contracting of contractor and suppliers from existing loans or grants of ADB, and those competitively selected by other donors on negotiated rates, and single source selection of individual consultants/experts. No restriction will be placed on the sale of bidding documents.
- (iv) The approved Standing List of a Procuring Entity prepared in accordance with the law shall only be accepted to supplement an advertised open qualification exercise for the specific contract provided that those on the standing list meet the qualification criteria.

- (v) Bids shall be opened at a single location immediately after the deadline for submission. Multiple locations for submission and opening are not acceptable.
- (vi) Government-owned enterprises in Nepal shall be eligible to participate only if they meet the conditions of para 1.8 (c) of the Procurement Guidelines.
- (vii) Extension of bid validity of more than 4 weeks beyond the original validity shall not be allowed without the prior concurrence of ADB.
- (viii) Cancellation of bidding and re-bidding shall not be carried out without the prior concurrence of ADB.
- (ix) Percentage variations from rates fixed by a district rate fixation committee shall not be used for the purpose of evaluating bids.

8. In the event of a conflict between these provisions and the law, these provisions shall prevail.

## SUBPROJECT SELECTION CRITERIA AND APPROVAL PROCEDURES

1. Subprojects will be identified, evaluated and selected by the implementing agencies (IAs), and endorsed by the Executing Agency (Special Purpose Vehicle) through its Project Management Unit (PMU), on the basis of the following criteria:

- (i) will reconstruct, retrofit or repair the quake-damaged infrastructure for Primary/Lower secondary/secondary schools, Public administrative buildings in the district headquarters, rural roads affected by the quake and those critical to provide connectivity for villages/habitations in worst affected districts to district headquarters or feeder roads, markets, educational institutions, village development committees (VDCs), hospitals/major health centers outside the settlements and or resettlement sites and other public services delivery establishments;
- (ii) will include works to restore the damaged facilities to pre-quake conditions, incorporating and strengthening to Disaster Risk Reduction (DRR) norms; compliance to multi-hazard resistance standards, cost effectiveness/alternatives based on a review of technical options available to address the identified problems and lessons learned from previous disasters/projects in the country/region; incorporation of technological improvements, and emphasis on the government and ADB's requirements for quality control;
- (iii) design and construction standards will be raised to appropriate level. The revised high flood levels of the rivers or the natural streams or drainage channels shall be considered, while designing facilities, as applicable. Geotechnical studies shall be undertaken and slope stabilization measures considered for slide zones, wherever applicable;
- (iv) subprojects will be financed by the Project only if there is no duplication in funding from other agencies for the same activity;
- (v) period for implementation will not extend beyond the project closing date, unless project duration extension is agreed between ADB and the government; and
- (vi) selection of subproject has incorporated beneficiary consultation.

2. The first subproject to be carried out by each implementing agency shall be subject to prior review and approval by ADB. Subsequent subprojects exceeding \$ 500,000 equivalent shall be sent through the PMU to ADB for information only, while all subprojects exceeding \$5 million equivalent will require prior review and approval by ADB.

### A. Safeguards Criteria

3. Subprojects will conform with ADB's Safeguards Policy Statement, 2009 (SPS) with respect to social and environment considerations. Subprojects with significant (category A) environmental<sup>1</sup> and resettlement<sup>2</sup> impact, or with impacts on indigenous peoples (category A and B), will be excluded. Subprojects with activities described in ADB's Prohibited Investment Activities List will also be excluded.

<sup>1</sup> Subprojects or subprojects likely to have significant impacts that are irreversible, diverse, or unprecedented.

<sup>2</sup> 200 or more persons will be physically displaced from home, 200 or more persons lose 10% or more of their productive or income generating assets, or 200 or more persons experience a combination of both.

## 1. Environment

- (i) Subprojects will not be undertaken in critical habitats and protected areas<sup>3</sup> including those either legally protected or officially proposed for protection.
- (ii) Subprojects should follow environmental guidelines in the environmental assessment and review framework.

## 2. Social

- (i) Subprojects will not result in involuntary restrictions on land use or access to legally designated parks and protected areas.
- (ii) Subprojects will not include: (a) commercial development of cultural resources or knowledge of indigenous peoples (IP), (b) physical displacement from traditional or customary lands, (c) commercial development of natural resources, (d) establishing legal recognition of rights to lands and territories, or (e) acquisition of land traditionally owned, customarily used, occupied, or claimed by IPs.

## B. Procedures

4. Each subproject will be prepared and processed in accordance with the following procedures:

- (i) Technical study, for all subprojects, will be conducted by the executing agency including its cost estimate. The executing agency through the PMU will also prepare and fill out checklist for (a) involuntary resettlement; (b) indigenous people; and (c) an environmental screening in accordance with the relevant frameworks;
- (ii) All safeguards categorization and safeguards documents (resettlement plan, initial environmental examination (IEE) with environmental management plan (EMP) will be provided to ADB for review and concurrence;
- (iii) The executing agency or IAs will translate the resettlement plan into the local language and disclose it to the affected people and incorporate the results of the consultation. The resettlement plan and IEE (with EMP) will also be disclosed on the ADB website and the website of executing agency and implementing agency;
- (iv) The EA/IAs will prepare the appraisal reports for all subprojects to be considered under the project following the selection criteria, together with the required attachments and submit the same to ADB for approval;
- (v) ADB will review the summary appraisal report together with the required attachments. If ADB finds that a proposed subproject is not likely to satisfy the selection criteria and/or that the agreed procedures, ADB will advise the executing agency or IAs either (a) to modify the subproject proposal in a manner that will make it eligible for approval; or (b) that the subproject be rejected; and
- (vi) The above procedure described in (iv) will be applied only to those subprojects (a) whose estimated cost exceeds \$5 million; and (b) If the subproject in question is equal to or less than \$5 million in estimated cost, the above review would be carried out by the executing agency/implementing agency. ADB will conduct post-facto review of the subprojects on a sample basis.

<sup>3</sup> Including national parks, wildlife reserves, conservation area, wetlands, ancient/cultural and archeological areas (Schedule 2, EPR).

## GENDER AND SOCIAL INCLUSION ACTION PLAN

Activities	Targets and Indicators	Responsibility	Time
<b>A. Output 1: Schools in poorer and severely affected districts constructed or rebuilt as model disaster resilient schools</b>			
1. Build safe, model Schools in large district headquarters schools (e.g. Year 1-12 senior secondary schools) that serve as a disaster resilient model as well as community disaster risk management learning facilities.	<ul style="list-style-type: none"> <li>• Engineered school-premises rebuilt meeting universal design and accessibility standards.</li> <li>• Needs of girls and disadvantaged groups addressed in site selection for schools.</li> <li>• Sex-segregated toilets and access to water for teachers and students built according to accessibility standards.</li> </ul>	DOE, DEOs	1-48
2. School staff will be trained as emergency responders	<ul style="list-style-type: none"> <li>• Capacity of teachers for effective delivery of education services in emergency situation built [Target: 100% women teachers and staff involved].</li> </ul>		
<b>B. Output 2: Microcredit facility for livelihood restoration provided</b>			
1. Provide concessional microcredit to approximately 12,500 affected households to restore damages from the earthquake and finance to (i) restore microenterprise; (ii) restore livestock, agricultural activities, and other means of livelihood; and (iii) cover essential expenses during the recovering period such as food.	<ul style="list-style-type: none"> <li>• At least 60% borrowers of SFC financed loan will be women in the areas of project support.</li> <li>• Sex, caste- and ethnicity disaggregated data of loan borrowers recorded and included in progress reports.</li> </ul>	SFDB, SFCs	1-48
<b>C. Output 3: Disaster risk management capacity of the affected communities strengthened</b>			
1. Implement extensive awareness campaign to improve knowledge on earthquake resistant construction, and disaster risk reduction awareness building and planning.	<ul style="list-style-type: none"> <li>• At least 50% are women from the community to participate in disaster risk reduction awareness building and planning</li> </ul>	SFDB, SFCs	1-36
2. Include sex-, caste- and ethnicity disaggregated indicators in monitoring system and collect data.	<ul style="list-style-type: none"> <li>• Collected and analyze sex, caste- and ethnicity disaggregated data and information at center and district levels and relevant information/data included in quarterly progress reports.</li> </ul>	SFDB/SFCs	1-36

DEO= district education office, DOE= department of education, SFC = small farmers cooperative, SFDB = Small Farmers Development Bank.