



Nepal: Rural Connectivity Improvement Project

Project Name	Rural Connectivity Improvement Project
Project Number	48218-003
Country	Nepal
Project Status	Approved
Project Type / Modality of Assistance	Loan Technical Assistance
Source of Funding / Amount	Loan 3620-NEP: Rural Connectivity Improvement Project concessional ordinary capital resources lending / Asian Development Fund US\$ 100.00 million TA 9457-NEP: Institutional Strengthening of the Nepal Rural Road Sector for Sustainable Development Technical Assistance Special Fund US\$ 1.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Private sector development
Sector / Subsector	Agriculture, natural resources and rural development - Rural market infrastructure
Gender Equity and Mainstreaming	Effective gender mainstreaming
Description	The proposed project will construct about 388 kilometers of rural roads to all-weather standard covering 16 priority rural development districts throughout the country. The project will also focus on improving institutional arrangements, business processes, and associated capacity building, particularly on road asset management and road safety. The proposed project will also play a catalytic role for the sustainable development of rural areas.
Project Rationale and Linkage to Country/Regional Strategy	In Nepal, the agriculture sector contributes 65-70% of employment and 35% of gross domestic product. Poverty however remains widespread in rural areas. The Government of Nepal signed the Agricultural Development Strategy (ADS) in 2015 recognizing that the agriculture sector was performing below its potential in providing food and fiber, materials for processing and manufacturing, and employment and income. The government recognized that dramatic changes in strategy were needed if the sector was to perform to its potential and raise the sectors long term annual growth rate from 3% to the government's goal of 5%. The ADS underscores access as one of the major constraints to the development of commercial agriculture value chains. Transport in many high-potential production areas is limited to basic tracks or undeveloped roads, resulting in high transport costs and losses of quality and quantity. Only 17% of the rural population in Nepal has access to all-weather roads, compared with 60% in India and 37% in Bangladesh. The proposed project will focus on improving rural roads to all-weather standards, serving the agriculture sector and the rural population to access to market, business opportunities and benefits especially along agricultural value chains which will be a key to poverty reduction in rural areas.
Impact	Connectivity between rural communities, productive agricultural areas and socioeconomic centers in Nepal improved
Project Outcome	
Description of Outcome	Transport efficiency on project roads increased
Progress Toward Outcome	Batch 1 - contracts awarded; Batch 2 - contracts awarded; Batch 3 - for opening of financial bids.
Implementation Progress	
Description of Project Outputs	Rural road conditions between the selected rural communities, productive agricultural areas, and socioeconomic centers improved Capacity of rural infrastructure agency and road users in project areas enhanced

Status of Implementation Progress (Outputs, Activities, and Issues)	<ul style="list-style-type: none"> - Tendering of Batch 1 (NCB-01, NCB-02, NCB-03 and NCB-04) concluded; - Tendering of Batch 2 (NCB-07, NCB-10 and NCB-11) concluded; - No objection for PBER of Batch 3 (NCB-05, NCB-06, NCB-08, and NCB-09) issued, for contract signing; - Hiring of Construction Supervision Consultant (CSC) concluded; - Hiring of Project Management Consultants (PMC) ongoing; - Hiring of Capacity Development Consultant ongoing; and - Hiring of Detailed Project Report (DPR) consultants to be advertised. <p>Not yet due. Not yet due. Not yet due. Not yet due. Not yet due.</p>
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Geographical Location	Central Region, Eastern Region, Western Region
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Safeguard Categories	
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Environment	B
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects	
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Environmental Aspects	The environmental assessment will be conducted. The assessment seeks to manage and mitigate the environmental impacts in accordance to Safeguard Policy Statement (2009).
Involuntary Resettlement	A community participation framework (CPF) will be prepared to outline the voluntary land donation system adopted for the project. The executing agency will ensure (i) full consultation with landowners and any non-titled affected people on site selection; (ii) that voluntary donation does not severely affect the living standards of the affected persons, and is linked directly to benefits under the poverty alleviation schemes of the government; (iii) that any voluntary donation is confirmed through verbal and written record and verified by an independent party or legal authority; and (iv) that an adequate grievance mechanism is in place.
Indigenous Peoples	The proposed project does not envisage any differential impact on the scheduled tribe population compared with non-scheduled tribes; all people will benefit equally from the project. Within the CPF, a mitigation measures matrix will detail the actions that will address categories of impacts that may be caused by the proposed project.

Stakeholder Communication, Participation, and Consultation	
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During Project Design	Potential beneficiaries are rural community residents, including farmers, women, and poor households; commercial service providers, transport providers, government workers such as health workers, teachers, and agriculture extension workers. Their opinion and suggestions related to the proposed project will be ascertained during community consultation.
During Project Implementation	

Business Opportunities	
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Consulting Services	Consultants will be recruited, as firms or individuals, to support the project implementation, capacity development, and preparing detailed project report for future pipeline, in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).
Procurement	Procurement of civil works and equipment will be carried out in accordance with ADB Procurement Guidelines (2015, as amended from time to time).

Responsible ADB Officer	Tai, Lee Ming
Responsible ADB Department	South Asia Department
Responsible ADB Division	Environment, Natural Resources & Agriculture Division, SARD
Executing Agencies	<i>Dept of Local Infra Devt & Agri Roads</i> * * <i>Nepal</i>

Timetable	
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Concept Clearance	24 Jul 2014
Fact Finding	06 Jul 2017 to 16 Jul 2017
MRM	11 Oct 2017
Approval	11 Dec 2017
Last Review Mission	-
Last PDS Update	24 Oct 2018

Loan 3620-NEP

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
11 Dec 2017	12 Feb 2018	12 Mar 2018	31 Jul 2023	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	135.72	Cumulative Contract Awards			
ADB	100.00	11 Dec 2017	42.80	0.00	43%
Counterpart	35.72	Cumulative Disbursements			
Cofinancing	0.00	11 Dec 2017	10.52	0.00	11%

TA 9457-NEP

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
11 Dec 2017	03 Jan 2018	03 Jan 2018	30 Sep 2019	-	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,000,000.00	0.00	0.00	0.00	0.00	0.00	1,000,000.00	11 Dec 2017	0.00

Project Page	https://www.adb.org/projects/48218-003/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=48218-003
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