

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Development of Nepal's rural road network relies heavily on external funding from multilateral and bilateral funding agencies. The major development partners in the rural road subsector in Nepal include the Asian Development Bank (ADB), the World Bank, the Department for International Development of the United Kingdom (DFID), the Swiss Agency for Development and Cooperation (SDC), and the OPEC Fund for International Development (OFID). Other contributors are the Japan International Cooperation Agency, Government of Denmark, and the Government of Finland.

2. ADB and World Bank support helps strengthen institutional capacity and improve the connectivity of district headquarters and connectivity within districts through upgrading and/or rehabilitation of the strategic road network (SRN) and local road network (LRN), and periodic road maintenance. The World Bank published the Nepal Road Sector Assessment Study (2013), a comprehensive road sector assessment covering both the SRN and LRN in collaboration with the Government of Nepal, ADB, DFID, and the SDC to determine the status of the road subsector in Nepal, identify the main issues and problems it is facing, and provide practical means to address them.¹

3. The government has used the Agriculture Development Strategy (ADS) 2015–2035 in preparation of this project. The project aims to contribute to output 3.6 (rural roads networks expanded) of the ADS. The ADS aims to improve connectivity between farms and markets with improved rural roads and sustainable maintenance. Moreover, the government has also included rural roads in various agriculture zones as identified by the Prime Minister Agriculture Modernization Project.

4. ADB, DFID, SDC, and the World Bank collaborate to ensure wide geographic coverage, avoid overlap, and help spread the benefits equitably. The World Bank's projects cover some districts in all five development regions. The DFID is focused on some hill districts of far western Nepal and in Kanali region. The SDC is concentrated on four districts in the eastern and central regions. ADB projects cover all five development regions, however mainly in different districts to those covered by other development partners. ADB will explore potential collaboration with development partners (e.g., DFID) to develop road standards, specifications, and procedures on materials, construction practices, etc.

5. The following table lists ongoing road projects funded by major development partners.

¹ World Bank. 2013. *Nepal Road Sector Assessment Study*. Kathmandu.

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Rural road transport			
ADB and SDC	Earthquake Emergency Assistance Project (rural road component)	September 2015–March 2019	43.50
World Bank/IDA	Strengthening the National Rural Transport Program	March 2014–July 2019	175.40
ADB, OFID, and SDC	Decentralized Rural Infrastructure and Livelihood Project – Additional Financing	April 2012–June 2017	66.45
DFID	Rural Access Program (RAP-3)	May 2103–March 2017	40.47
SDC	Local Road Improvement Program	August 2014–July 2018	32.65
Government of Denmark	UNNATI Inclusive growth program in Nepal	January 2014–December 2018	70.00

ADB = Asian Development Bank, DFID = Department for International Development of the United Kingdom, IDA = International Development Association, OFID = OPEC Fund for International Development, SDC = Swiss Agency for Development Cooperation.

Source: Asian Development Bank and Department of Local Infrastructure Development and Agricultural Roads.

B. Institutional Arrangements and Processes for Development Coordination

6. There is no formal institutional arrangement and process for coordination established in the rural road subsector. The government periodically organizes Nepal portfolio performance review meetings to provide a forum for development partners to discuss, coordinate, and review project and portfolio performance and priorities in the rural transport subsector. In the past, the sectorwide approach in rural transport infrastructure initiated by the government in 2009 provided an opportunity for development partners to coordinate their activities.

C. Achievements and Issues

7. The sectorwide approach in rural transport infrastructure has brought a coordinated effort among the development partners in the past. Thus, there was less duplication among partners on implementation and geographical coverage. This coordinated effort needs to be continued, for which the Department of Local Infrastructure Development and Agricultural Roads needs to establish a mechanism for regular donor coordination.

D. Summary and Recommendations

8. The major international development partners involved in the rural roads subsector in Nepal need to establish arrangements and mechanisms for sharing information and coordinating their respective development initiatives in Nepal. There appears to be scope for improving development cooperation through regular meetings to be initiated and owned by rural road authorities.