



Bhutan: South Asia Subregional Economic Cooperation Road Connectivity Project

Project Name	South Asia Subregional Economic Cooperation Road Connectivity Project								
Project Number	39225-034								
Country	Bhutan								
Project Status	Active								
Project Type / Modality of Assistance	Grant Loan								
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">Grant 0400-BHU: South Asia Subregional Economic Cooperation Road Connectivity Project</td> </tr> <tr> <td>concessional ordinary capital resources lending / Asian Development Fund</td> <td>US\$ 18.96 million</td> </tr> <tr> <td colspan="2">Loan 3149-BHU: South Asia Subregional Economic Cooperation Road Connectivity Project</td> </tr> <tr> <td>concessional ordinary capital resources lending / Asian Development Fund</td> <td>US\$ 31.39 million</td> </tr> </table>	Grant 0400-BHU: South Asia Subregional Economic Cooperation Road Connectivity Project		concessional ordinary capital resources lending / Asian Development Fund	US\$ 18.96 million	Loan 3149-BHU: South Asia Subregional Economic Cooperation Road Connectivity Project		concessional ordinary capital resources lending / Asian Development Fund	US\$ 31.39 million
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration								
Drivers of Change	Governance and capacity development								
Sector / Subsector	Transport - Road transport (non-urban)								
Gender Equity and Mainstreaming	Some gender elements								
Description	ADB and the Government of Bhutan are working together to bring safer roads and more opportunities to the southern part of the country. The South Asia Subregional Economic Cooperation Road Connectivity Project will build 68.3 km of the vital Southern East West Highway between the towns of Dewathang and Nganglam, which is one of the main crossing points between Bhutan and India. The new stretch of road will improve the connection between Bhutan's main north_south highways and India's national highway network. As a result, travel time between Nganglam and Dewathang is being reduced by 80% from 12 hours to just a few hours. The project is also building a 1.2 km access road between Bhutan's border with India and the Pasakha industrial estate, reducing travel time by 90 percent from nearly two hours to about 10 minutes. Border crossing stations in Phuentsholing City the town of Alay will also be improved, and a 2.7 km access road to the national highway will be built. The new roads and facilities will help develop the capacity of the country's engineers and government officials to build modern transport infrastructure. The project is designed to make Bhutan more competitive in terms of international trade and spread the benefits of cross-border commerce with its regional neighbors to people across the country, including the poorest and most disadvantaged.								
Project Rationale and Linkage to Country/Regional Strategy	In landlocked Bhutan, high-quality roads are one of the most effective ways of improving people's lives. The about 720,000 people in the country are dispersed among beautiful and often rugged and remote mountains. Small roads that link to the country's two major highways are vital for people in remote areas to reach clinics, schools and other government services. The major highways increase Bhutan's trade with its economically vibrant neighbors and also benefit the entire South Asia region as they allow goods and services to flow through the country. Completing and improving the Southern East-West Highway, a route that could provide a quicker and safer passage across the country, is particularly important for improving national and international trade, and helping people in Bhutan become more prosperous. Improving Bhutan's road system, and border trade facilities, is an effective way of improving the lives of the poorest people in the country while at the same time benefiting the overall economy and that of the region as a whole.								
Impact	Cross-border movement of goods between Bhutan and its neighboring countries improved.								

Project Outcome

Description of Outcome	Road connectivity and transport efficiency in the project areas in Bhutan improved
Progress Toward Outcome	Achieving the targets needs full completion of the project.

Implementation Progress

Description of Project Outputs	1. Roads built and trade infrastructure established. 2. Road construction and maintenance capacity improved 3. Eco-friendly transport promoted
Status of Implementation Progress (Outputs, Activities, and Issues)	Construction of southern east-west highway between Nganglam and Dewathang is currently on hold due to the security situation. Civil works contract for the improvement of Pasakha Access Road was terminated in January 2017 and will undergo rebidding. Tendering for the mini dry port commenced in August 2016, contract to be awarded by Q1 2017; detailed design for the land customs station is delayed due to the pending reclamation of the land. Detailed design of the Northern Bypass was finalized in October 2016. Tendering commenced in January 2017; contract to be awarded by Q2 2017. Not yet due Not yet due Not yet due Suitable pilot schemes for the promotion of eco-friendly transport have yet to be identified.
Geographical Location	

Safeguard Categories

Environment	A
Involuntary Resettlement	A
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	Environmental impacts will be assessed and mitigation measures recommended in compliance with ADB's Safeguard Policy Statement (2009) and government guidelines, regulations, and policies. Draft EIA for Nganglam-Dewathang section of the national highway, IEE for other subprojects, and environmental management plan as applicable will be reviewed. These plans will be further reviewed during project processing.
Involuntary Resettlement	Social impacts will be assessed and mitigation measures recommended in compliance with ADB's Safeguard Policy Statement (2009) and government guidelines, regulations and policies. Preliminary reviews of draft resettlement plans have been conducted. These plans will be further reviewed during the project processing.
Indigenous Peoples	Social impacts will be assessed and mitigation measures recommended in compliance with ADB's Safeguard Policy Statement (2009) and government guidelines, regulations and policies.

Stakeholder Communication, Participation, and Consultation

During Project Design	DOR and PT will ensure that completed RPs and resettlement monitoring reports are made available to affected people and are submitted to ADB for posting on its Web site. DOR and PT will ensure that EIA, IEEs and environmental monitoring reports are made available to affected people and are submitted to ADB for posting on its Web site.
During Project Implementation	DOR and PT will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions; (c) updated procurement plan and (d) updated implementation plan for next 12 months; and (iii) a project completion report within 3 months of physical completion of the project components under DOR or PT respectively. To ensure the Project continue to be both viable and sustainable, project accounts and the executing agency AFSs, together with the associated auditor's report, should be adequately reviewed.

Business Opportunities

Consulting Services	All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (March 2013, as amended from time to time).
Procurement	In order to accelerate the implementation, the government envisages the application of advance contracting for the project. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (March 2013, as amended from time to time).

Responsible Staff

Responsible ADB Officer	Georget, Johan
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Responsible ADB Department	South Asia Department
Responsible ADB Division	Transport and Communications Division, SARD
Executing Agencies	<i>Department of Roads Ministry of Communications Thimphu Bhutan Phuentsholing Thromde DHIMAL.DC@GMAIL.COM Post Box. 02, Pelkhil Lam, District Chukha, Phuentsholing, Bhutan</i>

Timetable

Concept Clearance	21 Feb 2014
Fact Finding	24 Feb 2014 to 07 Mar 2014
MRM	23 Apr 2014
Approval	31 Jul 2014
Last Review Mission	-
Last PDS Update	15 Mar 2017

Grant 0400-BHU

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
31 Jul 2014	05 Sep 2014	05 Sep 2014	31 Dec 2019	-	-

Financing Plan			Grant Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	37.61		Cumulative Contract Awards			
ADB	18.96		31 Jul 2014	10.66	0.00	56%
Counterpart	18.65		Cumulative Disbursements			
Cofinancing	0.00		31 Jul 2014	4.41	0.00	23%

Loan 3149-BHU

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
31 Jul 2014	05 Sep 2014	05 Sep 2014	31 Dec 2019	-	-

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	31.39		Cumulative Contract Awards			
ADB	31.39		31 Jul 2014	0.00	0.00	0%
Counterpart	0.00		Cumulative Disbursements			
Cofinancing	0.00		31 Jul 2014	0.00	0.00	0%

Project Page	https://www.adb.org/projects/39225-034/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=39225-034
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