Early Warning System

ADB-48337-002

South Asia Subregional Economic Cooperation Roads Improvement Project

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Quick Facts

Countries	Nepal
Financial Institutions	Asian Development Bank (ADB)
Status	Active
Bank Risk Rating	A
Voting Date	2016-12-01
Sectors	Transport
Investment Type(s)	Loan
Investment Amount (USD)	$ 186.80 million

Project Description

DESCRIPTION

The project will rehabilitate and upgrade in terms of capacity, quality, and safety, about 160 kilometers (km) of Nepal's strategic road network, which comprise a critical section of the country's main East-West highway and its feeder road. It will improve transport connectivity in Nepal, with a focus on providing faster and better access to social services and economic opportunities. The project roads are also integral to the international and regional road network system that connects Nepal to India, and will facilitate closer trade integration and contribute to Nepal's export competitiveness. The project will have a transformational impact by facilitating national and regional integration.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

In Nepal, transportation connectivity is one of the country's most critical bottlenecks to reducing poverty and sustaining inclusive economic growth. With its challenging mountainous terrain, roads are the predominant mode of transport in the country, carrying 90% of passengers and goods. However, Nepal has the lowest road density among countries in South Asia (about 14 km per 100 square kilometers and 0.9 km per 1,000 people), and the overall efficiency and reliability of the road network is poor. Consequently, high transport cost and poor connectivity limit access to opportunities, and hinder job creation and delivery of services. It also impedes trade with neighboring countries as the cost of importing and exporting becomes much higher, and undermines development of competitive industries in Nepal, such as high-value agriculture, agro-processing, and manufacturing. Moving forward, Nepal needs to deliver on its economic potential and this requires significant investment in road improvements to ensure faster and better access to social services, domestic and international markets, and employment opportunities. Accordingly, the government''s 14th Development Plan (FY 2017- 2019) has prioritized the development of the country's physical infrastructure, and integrating with those of neighboring countries.

In support of the government''s plan, the proposed project will rehabilitate and upgrade sections of Nepal''s strategic road network, which comprise the East-West highway (115 km from Narayanghat to Butwal) and its feeder road (45 km from Bhairahawa to Taulihawa). The East-West highway is the main arterial road cutting across the entire width of the country in Terai area (southern lowland plains bordering India). The project influence area is at the center of the East-West highway, which is the most productive region in Nepal and supports growing industries in agriculture and related processing, services (education and health), trade, and tourism. Narayanghat is one of the fast growing cities where a large number of business and trading houses are based, and Bhairahawa is a major trading city located in the country's first special economic zone to increase trade between Nepal and India. This area also encompasses the Lumbini Zone which is a Buddhist pilgrimage site and was accorded World Heritage Site status by the United Nations Educational, Scientific and Cultural Organization (UNESCO). Its main gateway, the Gautam Buddha Airport, is currently being upgraded to international standards under ADB financing.

The proposed project is integral to the government's Transport Sector Strategy (2016 2021) with a focus on improving the country's strategic road network and progressively expanding the capacity of the East West highway and its feeder roads. The upgraded project roads will help ease growing traffic congestion and improve transport connectivity internally and with India. It will bring significant advantages to the overall social economic development and support Nepal's goal to graduate from the status of least developed country to a developing country by year 2022. The proposed project is in line with the strategic objective of increasing connectivity and access to basic services and markets, and promoting tourism as described in ADB's country partnership strategy, 2013-2017. It is included in ADB's country operations business plan, 2016 2018 for Nepal.

The project roads are integrated with an international and regional road network system that connects Nepal to the state of Uttar Pradesh in India. The main benefit will be improved connectivity to Bhairahawa and its inland clearance depot and land custom station. Collectively, the proposed project will facilitate increased trade with India and other countries in the region, and help contribute to Nepal's export competitiveness. This is consistent with the objectives of ADB's support for the South

Investment Description

- Asian Development Bank (ADB)

Loan 3478-NEP: South Asia Subregional Economic Cooperation Roads Improvement Project
Concessional ordinary capital resources / Asian Development Fund US$ 186.80 million

Contact Information

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

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Bank Documents

- Loan Agreement (Special Operations) for Loan 3478-NEP: South Asia Subregional Economic Cooperation R [Original Source]
- Project Disclosure PDF
- SASEC Roads Improvement Project: Bhairahawa-Lumbini-Taulihawa Road Resettlement Plan [Original Source]
- SASEC Roads Improvement Project: Environmental Impact Assessmen [Original Source]
- SASEC Roads Improvement Project: Environmental Impact Assessment [Original Source]
- SASEC Roads Improvement Project: Gender Action Plan - Gender Equality and Social Inclusion Action Pl [Original Source]
- SASEC Roads Improvement Project: Initial Environmental Examination [Original Source]
- SASEC Roads Improvement Project: Initial Poverty and Social Analysis [Original Source]
- SASEC Roads Improvement Project: Narayanghat-Butwal Highway Resettlement Plan [Original Source]
- SASEC Roads Improvement Project: Procurement Plan [Original Source]
- SASEC Roads Improvement Project: Project Administration Manual [Original Source]
- SASEC Roads Improvement Project: Report and Recommendation of the President [Original Source]
- South Asia Subregional Economic Cooperation Roads Improvement Project: Project Data Sheet (Nepali Tr [Original Source]