Early Warning System

ADB-52159-003

Sikkim Major District Roads Upgradation Project

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Quick Facts

Countries	India
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	B
Borrower	Roads and Bridges Department, Government of Sikkim
Sectors	Transport
Potential Rights Impacts	Housing & Property
Investment Type(s)	Loan
Investment Amount (USD)	$ 2.50 million
Loan Amount (USD)	$ 2.50 million
Project Cost (USD)	$ 3.13 million

Project Description

According to the bank, this project seeks to create a sound network of roads in Sikkim by upgradation of major district roads, other district roads, and replacing weak bridges. These roads will be linked to the national highway and state highway network and facilitate connectivity to important towns, commercially important rural areas, pilgrimage and other tourist destinations in the State.

A consulting firm engaged via Project Readiness Financing (PRF) will finance consulting services for (i) initial screening of the tentative list of candidate roads and bridges; (ii) feasibility studies of the shortlisted roads for final selection; (iii) detailed design for selected road and bridge subprojects, including the environmental and social safeguard assessments and preparation of environmental and social safeguard planning documents, cost estimate, economic analysis, due diligence and capacity building on financial management, assistance and capacity building on procurement, preparation of bid documents and supporting the bidding process until contract award; and (iv) providing assistance for developing the institutional strengthening and capacity development component of the ensuing proposed Project (Sikkim Major District Roads Upgradation Project).

As defined in the ADB Operations Manual, "Project readiness financing, in the form of a loan, finances project preparation and design activities for investments that are expected to be financed under one or more ensuing ADB financed projects. Eligible expenditures include: (i) Consulting services for project preparation, such as detailed engineering design, feasibility study, and capacity building for future projects, and limited project startup activities; and (ii) Pilot testing of project designs, including the cost of equipment and works". It is specified in the Manual that ADB can consider project readiness financing for a series of projects, which may be finalized after loan approval and do not need to be confined to a particular sector. (https://www.adb.org/sites/default/files/institutional-document/31483/om-d16.pdf)

Disaster risk resilience and climate change impact factors will be taken into consideration in the design of resilient all-weather roads and bridges in the ensuing subprojects. A climate risk and vulnerability assessment will be done for the ensuing subprojects. Gender analysis and a gender equality and social inclusion plan will be prepared under the PRF for incorporation of gender elements in the design of the ensuing project.

People Affected By This Project

According to the bank's project readiness financing report,the ensuing project will avoid subprojects in or close to national parks, wildlife sanctuaries, or any other environmentally sensitive areas. Sikkim has mountainous terrain and forest zones, and it is likely that some sections of the selected roads may pass through forest areas. However, the expected environmental impacts of the selected subprojects are not substantial, and mitigation measures will be implemented to minimize them. Sikkim is a small state and road sections passing through hilly terrain are less likely to pass through populated areas and thus requiring significant resettlement and/or land acquisition. Any impact on indigenous peoples is expected to be limited. Improvement of the roads is expected to have positive impacts on the social and economic life of the population in the subproject influence zone, including indigenous peoples.

Investment Description

- Asian Development Bank (ADB)

This project is proposed to be financed from ADB ordinary capital resources, with indicative financing of $75 million and expected approval in 2023. The specific loan amount for the ensuing project will be determined on completion of the detailed engineering design for the selected subprojects, the implementation period, absorptive capacity of the executing agency and the contracting industry, and the availability of counterpart funding from the government of Sikkim. The cost of climate adaptation and mitigation for the ensuing project will be confirmed during PRF implementation when more information is available.

The government has requested a regular loan of $2,500,000 from ADB's ordinary capital resources to help finance project preparation and design activities. The loan will have a 15-year term, including a grace period of 3 years, an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility, and such other terms and conditions set forth in the draft loan agreement.

Contact Information

Responsible ADB Officer	Motwani, Anil
Responsible ADB Department	South Asia Department
Responsible ADB Division	India Resident Mission
Executing Agencies	Roads and Bridges Department State of Sikkim Nirman Bhawan, P.O. Gangtok India

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ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.adb.org/forms/request-information-form

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: https://www.adb.org/site/disclosure/appeals

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.

Bank Documents

- Project Administration Manual
- Project Disclosure PDF [Original Source]
- Project Readiness Financing Report