

Government of Nepal  
Ministry of Federal Affairs and Local Development  
**Central Level Project Implementation Unit (CLPIU)**  
**Earthquake Emergency Assistance Project (EEAP)**  
Kupandol, Lalitpur, Nepal

## **Rehabilitation and Reconstruction of District Roads**

**Project Number: 49215-001**

**ADB Loan No.: 3260 NEP and SDC TA**

### **Quarterly Progress Report**

**January – March 2017**

**(1<sup>st</sup> Quarter - 2017)**



**CENTRAL IMPLEMENTATION SUPPORT CONSULTANT (CISC)**



**AF-Itenco Ltd., Switzerland** A member of the AF-Group

8910 Affoltern.A., Switzerland

[Central Implementation Support Consultant](#)

[Ekantakuna, Lalitpur/Nepal](#)

## Abbreviations

ADB	=	Asian Development Bank
APs	=	Affected persons
CDC	=	Compensation Determination Committee
CISC	=	Central Implementation Support Consultant
CLPIU	=	Central-Level Project Implementation Unit
DISC	=	District Implementation Support Consultant
DOLIDAR	=	Department of Local Infrastructure Development and Agricultural Roads
DOR	=	Department of Roads
DPR	=	Detail Project Report
DSCs	=	Design and Supervision Consultants
DTO	=	District Technical Office
EA	=	Executing Agency
EARF	=	Environmental Assessment and Review Framework
EEAP	=	Earthquake Emergency Assistance Project
EMP	=	Environmental Management Plan
IA	=	Implementing Agency
GDP	=	Gross Domestic Product
GESI	=	Gender and Social Inclusion
GON	=	Government of Nepal
ICB	=	International Competitive Bidding
IEE	=	Initial Environmental Examination
LFIS	=	Loan Financial Information System
MOE	=	Ministry of Education
MOF	=	Ministry of Finance
MOFALD	=	Ministry of Federal Affairs and Local Development
NCB	=	National Competitive Bidding
NRA	=	National Reconstruction Authority
NGOs	=	Nongovernment Organizations
PAM	=	Project Administration Manual
PIU	=	Project Implementation Unit
PMU	=	Project Management Unit
QAP	=	Quality Assurance Plan
RP	=	Resettlement Plan
R&R	=	Recovery and Reconstruction
SBD	=	Standard Bidding Documents
SDC	=	Swiss Agency for Development and Cooperation
TA	=	Technical Assistance
TOR	=	Terms of Reference

## I. PREAMBLE

1. This progress report has been prepared by the **Central-Level Project Implementation Unit of the Ministry of Federal Affairs and Local Development (MOFALD)** which is responsible for the implementation of the component for **rehabilitation and reconstruction of district roads**, one of the four components of the **Earthquake Emergency Assistance Project (EEAP)** financed by the Asian Development Bank (ADB). Grant financing from the Swiss Agency for Development and Cooperation (SDC) for Technical Assistance (TA) for consulting services for design and supervision of roads of 12 districts to complements the ADB financing of this component.

2. The report's introduction describes the overall scope, implementation arrangements, the overall project cost and financing arrangements. The subsequent sections of the report focus on the rehabilitation and reconstruction of district roads.

## II. INTRODUCTION

3. On 24 June 2015, the Asian Development Bank (ADB) approved Loan No. 3260 - NEP (\$200 million) for the financing of the Earthquake Emergency Assistance Project (EEAP). The Loan became subsequently effective on 10 September 2015. The complementary SDC Grant of CHF 3.9 million (US \$ 3.817 million) was approved on 25<sup>th</sup> April 2016.

4. The objective of the project is to support the Government of Nepal to accelerate recovery and reconstruction of critical infrastructure following the devastating earthquake of 25 April 2015 and the major aftershock of 12 May 2015. The project will support the rebuilding and rehabilitation of the infrastructure with strengthened resilience to future disasters. The project as envisaged at project approval has four outputs (or components) covering 12 districts out of the 14 mostly affected districts.<sup>1</sup>

- (i) **Output 1: Schools are rebuilt and upgraded.** At least 700 schools will be rebuilt or retrofitted in line with school reconstruction plans to disaster-resilient standards and equipped with water and sanitation facilities, including sex-disaggregated toilets.<sup>2</sup> About five will be model schools built with information and communication technology equipment, science laboratories, and improved learning spaces.
- (ii) **Output 2: Roads and bridges are rehabilitated and/or reconstructed.** About 135 km of strategic roads and about 450 km of rural roads damaged by the earthquake and landslides will be rehabilitated. Project roads and bridges will have built back better features for road safety and climate resilience. Construction and maintenance equipment will also be procured.
- (iii) **Output 3: District-level government facilities constructed and/or rebuilt.** About 300 district-level government buildings will be rebuilt or retrofitted to disaster resilient standards with basic utilities, and furnished. Transitional district-level government offices will also be established to enable services to continue throughout the reconstruction period.
- (iv) **Output 4: Disaster preparedness and management capacities strengthened.** All outputs are assured to be disaster risk resilient. Engineering divisions of all implementing agencies will be strengthened.

5. The project is to be implemented over a three year period. The overall project implementation schedule as envisaged at the time of project approval is shown below. According to this schedule, the project is to be completed by 30 September 2018

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<sup>1</sup>The districts Solukhumbu, Okhaldunga, Ramechhap, Dolakha, Kavre, Sindhuli, Kathmandu, Lalitpur, Bhaktapur, Lamjung, Gorkha and Chitwan.

<sup>2</sup> The total number of classrooms to be rebuilt or retrofitted is at least 7,000, or almost one-fourth of the 30,000 damaged classrooms, benefiting at least 350,000 children.

**Table 1: Overall Project Implementation Schedule**

Activities	2015 /Qtr	2016 Qtr	2017 Qtr	2018 Qtr
<b>A. Infrastructure upgrading and reconstruction</b>				
<b>Output 1. Schools are rebuilt and upgraded</b>				
Activity 1.1 Establishing CLPIU in MOE and consultant recruitment	◆			
Activity 1.2 Selection of type designs for to be reconstructed schools and retrofitting design option for to be upgraded schools	▲	▲	▲	
Activity 1.3 Design, estimates and bid documents	—	—	—	
Activity 1.4 Procurement of civil works contract	—	—	—	
Activity 1.5 Construction	—	—	—	—
Activity 1.6 Implementation of GESI Action Plan output-related activities	—	—	—	—
<b>Output 2: Roads and bridges are rehabilitated and/or reconstructed</b>				
Activity 2.1 Establishing CLPIU in MOFALD and consultant recruitment	◆			
Activity 2.2 Design, estimates and bid documents	—			
Activity 2.3 Procurement of civil works contract	—	—		
Activity 2.4 Construction	—	—	—	—
Activity 2.5 Implementation of GESI Action Plan output-related activities	—	—	—	—
Activity 2.6 Establishing PIU in DOR and consultant recruitment	◆			
Activity 2.7 Design, estimates and bid documents	—			
Activity 2.8 Procurement of civil works contract	—	—		
Activity 2.9 Construction	—	—	—	—
Activity 2.10 Implementation of GESI Action Plan output-related activities	—	—	—	—
<b>Output 3. District-level government facilities constructed and/or rebuilt</b>				
Activity 3.1 Establishing CLPIU in MOUD and consultant recruitment	◆			
Activity 3.2 Design, estimates and bid documents	—			
Activity 3.3 Procurement of civil works contract	—	—		
Activity 3.4 Construction	—	—	—	—
<b>Output 4. Disaster preparedness and management capacities strengthened</b>				
Activity 4.1 Technical audits	—	—	—	—
Activity 4.2 Carryout training and capacity building of technical staff in IAs	—	—	—	—
<b>R &amp; R program management</b>	—	—	—	—
Annual/Mid-term review		▲	▲	▲
Project completion				—

DOE = Department of Education, DOLIDAR = Department of Local Infrastructure Development and Agricultural Roads, DOR = Department of Roads, DUDBC = Department of Urban Development and Building Construction, GESI = gender equity and social inclusion, IAs = implementing agencies, PIU = project implementation unit.

6. The National Reconstruction Authority (NRA) is the project's executing agency (EA). There are four implementing agencies (IAs), each of them responsible for one project component: i.e.

- (i) The Ministry of Education for schools (outputs 1 and 4),<sup>3</sup> supported by the Ministry of Urban Development.
- (ii& iii) The Ministry of Federal Affairs and Local Development (MOFALD) and the Department of Roads of the Ministry of Physical Infrastructure Transport for rural roads and strategic roads, respectively (outputs 2 and 4).
- (iv) The Ministry of Urban Development for district headquarters buildings (outputs 3 and 4).

7. The IAs has established a Central-Level Project Implementation Unit (CLPIU) together with District-Level Project Implementation Units (DLPIUs).

8. The project is estimated to cost \$232 million (Table 2), inclusive of taxes and duties and financing charges on the loan during construction. Of this total cost, \$200 million equivalent is financed from ADB's Asian Development Fund (Table 3). The GON provides \$32 million equivalent to cover (i) land acquisition and resettlement costs, (ii) taxes and duties and (iii) incremental recurrent costs; the remain costs are financed by the ADB loan.

**Table 2: Project Investment Plan<sup>4</sup>**  
(\$ millions)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Schools	86.5
2. Roads and bridges	81.3
3. District-level government facilities	35.8
4. Disaster preparedness and management capacities	9.0
<b>Subtotal (A)</b>	<b>212.7</b>
<b>B. Contingencies<sup>c</sup></b>	<b>15.9</b>
<b>C. Financing Charges During Implementation<sup>d</sup></b>	<b>3.4</b>
<b>Total (A+B+C)</b>	<b>232.0</b>

<sup>a</sup> Includes taxes and duties of about \$30 million to be partially financed by ADB.

<sup>b</sup> In mid-2015 prices.

<sup>c</sup> Physical contingencies computed at 5% for civil works; and 4% for consulting services. Price contingencies computed at 0.3% to 1.5% on foreign exchange costs and 7.0% to 7.7% on local currency costs in line with escalation rates; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes only interest. Interest during construction for ADB loan(s) has been computed at 1% per annum.

Note: Figures may not add up precisely due to rounding.

Source: Asian Development Bank.

**Table 3: Financing Plan<sup>5</sup>**

Source	Amount (\$ millions)	Share of Total (%)
Asian Development Bank		
Asian Development Fund	200.0	86.2
Government of Nepal	32.0	13.8
<b>Total</b>	<b>232.0</b>	<b>100.0</b>

Sources: Asian Development Bank and Government of Nepal.

9. The cost of the component for rehabilitation and reconstruction of district roads is estimated at \$48.79 million, representing 23% of the EEAP base cost, see Table 4.

<sup>3</sup> Output 4 includes consultancies to support all four implementing agencies; and outputs 1 to 3.

<sup>4</sup> The complementary DSC grant from SDC of US \$ 3.817 million is not reflected in the table.

<sup>5</sup> The complementary DSC grant from SDC of US \$ 3.817 million is not reflected in the table.

**Table 4: Detailed Cost Estimate <sup>6</sup>**  
(\$ millions)

Items	Output 2: Rehabilitation/ Reconstruction of District Roads	Total Project Costs
<b>A. Investment Costs – Rehabilitation and Reconstruction of District Roads</b>		
1. Civil Works	45.000	187.50
2. a. Goods, Supplies and Equipment	1.500	
b. Vehicles	0.450	6.50
3. Environment and Social Mitigation (Resettlement)		2.00
4. Consulting Services and Capacity Building	1.838	8.99
5. Incremental Recurrent Costs		7.71
<b>Subtotal (A)</b>	<b>48.788</b>	<b>212.70</b>
<b>B. Contingencies</b>		
1. Physical Contingencies		9.73
2. Price Contingencies		6.19
<b>Subtotal (B)</b>		<b>15.92</b>
<b>Total Project Cost (A+B)</b>		<b>228.62</b>
Financial Charges during Implementation		3.38
<b>Total Project Cost</b>		<b>232.0</b>

Note: The cost breakdown is based on the Aide Memoire of the ADB July-August 2016 Review Mission and Table 10 in the Project Administration Manual; the component's cost for (i) environmental and social mitigation and (ii) incremental recurrent cost has been assumed to be 60% of the project cost estimate with the remaining 40% of the cost for similar activities related to the strategic roads component.

### III. UTILIZATION OF LOAN FUNDS

10. The allocation of ADB loan funds against the four loan categories under the reconstruction and rehabilitation of district roads is presented in Table 5.<sup>7</sup>In the same table, the amounts committed (contracted) and disbursed against the loan categories by the end of the reporting period are presented.

<sup>6</sup> The complementary DSC grants US \$ 3.817 million is not reflected in the table.

<sup>7</sup> The loan categories for interest during construction and unallocated are not included.

**Table 5: Allocation and Utilization of Loan Funds**

(\$ millions)

Category		Loan Funds allocated for Reconstruction & Rehabilitation of District Road <sup>a</sup>		Cumulative Amount committed at the end of the reporting period: 31 March 2017		Cumulative Amount disbursed at the end of the reporting period: 31 March 2017	
No	Items	(\$ '000)	%	(\$ '000)	(%)	(\$ '000)	(%)
1	Civil Works	39,600	88	19,215.0	48.52	1,121.4	2.83
2.1	Goods, Supplies and Equipment <sup>a</sup>	1,500	100	116.0	7.73	114	7.6
2.2	Vehicles	450	100	375.81	83.51	49.97	11.1
3	Consultancy Services and Capacity Development (firms)	1,400	100	-		-	
4	Individual Consultants	438	100	250.48	57.2	48.37	11.04
	<b>Total (ADB Funds)</b>	<b>43,388</b>		<b>19,957.29</b>	<b>46.00</b>	<b>1,333.74</b>	<b>3.07</b>
	Government of Nepal Fund	5,400	12	0.31	0.01		
	<b>Total</b>	<b>48,788</b>		<b>19,957.60</b>	<b>40.91</b>	<b>1,333.74</b>	<b>3.07</b>

Source: Aide Memoire of the ADB July-August 2016 review mission.

**IV. PROJECT PURPOSE**

11. The component's impact, outcomes and inputs/activities envisaged at the time of project approval are summarized in *Attachment 1*. The original output of the component is the rehabilitation and reconstruction of 450 km of district roads. However, considering the cost of the 25 number of districts roads for which designs and estimate have been prepared until now, the target of 450 km could not be achievable. Within the currently allocated project funds for rehabilitation and reconstruction of district roads, it has been planed construct about 290 km of DRCN roads. A total of 25 potential road subprojects has identified as listed in *Attachment 2*, out of which 17 road subprojects has been planned to rehabilitate within the currently allocated project funds. One road subproject Singati - Sorung (9 km section of Singati – Bigu -Thisang road) in Dolkha district has been cancelled since the road section passes from Gauri Shankar conservation area, requiring the full EIA studies, which is beyond the scope of the project. In spite of this road section, the district requested to carry out detail survey, design and DPR of Namdu-Jungu-Jhayanku road of about 10 km road section.

12. Extreme seismic or weather event during construction couples with difficulties in implementation due to short working seasons, difficult access and low capacity of contractor, delay mobilization of labour and machinery by contractor were identified at the time of project approval as risks. It is still too early to assess whether these risks will affect the component's implementation.

13. The environmental and social impacts of the rehabilitation and reconstruction works under the identified road subprojects are more significant than envisaged at the time of project appraisal. In accordance with EEAP's Environment Assessment and Review Framework and the Resettlement Framework, Initial Environmental Examinations (IEEs) and Resettlement Plans (RPs) have to be prepared. IEE report of Sankhu – Palubari - Nagrkot road has been approved from MoFALD. IEE report of 9 road sub-project has been prepared and sent to ADB and NRA for concurrence. Out of which 2 IEE report (Dolkha-1 & Chitwan-

1) sent to NRA and IEE report of 3 road subproject (Kavre-2 & Dolkha-1) received concurrence by ADB. 4 IEE reports (Chitwan-1, Lalaitpur-1, Lamjung-1 & Ramechhap-1) has been under the incorporation of comments. 2 IEE report (Gorkha-1 & Lamjung-1) has been in draft stage. 8 IEE (Lalitpur-2, Bhaktapur-1, Kathmandu-2, kavre-1, Gorkha-1 & Ramechhap-1) has been under preparation and in finalization stage. The ToR of 4 road subprojects for IEE, which was on hold for long time has been submitted to NRA for approval. Since most of IEE reports are still in planning and approval process, the implementation of EMP has not yet started in field. Similarly, Resettlement Plan (RP) preparations are also in progress. 3 RP reports (Kathmandu-1, Kavre-1 & Bhaktapur-1) has approved from ADB. 5 RP reports (Kathmandu-1, Ramechhap-1 Okhaldhunga-2 & Solukhumbu-1) have been sent to ADB for review and approval. 5 RP reports of 5 project districts (Lalitpur-1, Kavre-1, Dolkha-1 Sindhuli-1 & Gorkha-1) are under the stage of preparation, see *Attachment 3* for details. The cadastral survey of 4 road sub project (Gorkha-1, Lamjung-1, & Chitwan-2) is in progress. The cost for implementing the RPs is significant. The total cost is currently estimated NRs. 541.28 million for 9 road subprojects in 7 districts. The NRA has approved cost of RP for compensation payment of about US \$ 1.30 million for FY 2016/17. The required additional amount is also approval process. It has been found still insufficient and CLPIU requested for additional NRs 250 million to NRA.

14. Implementation of the component's "Gender Equality and Social Inclusion (GESI) Action Plan" has been presented in *Attachment 4*, and is expected to start in Q2 in 6 road subprojects of 5 project districts with assistance of the Social Safeguard Advisor. The GESI action plan is being prepared to address the targets and indicators of GESI APs for each sub project of EEAP districts to address gender inequality and social exclusion issues. The GESI plan contains specific target for women employment at least 20 % in road construction and bioengineering protection work, installation of road safety featuring women and marginalized people, orientation and interaction of sub-projects. Till the reporting period, GESI AP of 6 road sub project of 5 districts (Kathamndu-1, Sindhuli-1, Okhaldhunga-2, Ramechhap-1 & Solukhumbu-1) have been finalized and approved by ADB.

## V. IMPLEMENTATION ARRANGEMENTS AND PROGRESS

15. **Implementation Arrangements**– The CLPIU was fully established with required staffing, see *Attachment 5*. The positions of Project Director, Deputy Project Director, two engineers, one account officer, one accountant position including computer operator and office assistance (10 more supporting staff) were filled. The technical support has been provided by SDC Nepal. The Central Implementation Support Consultant (CISC)<sup>8</sup> financed by SDC has been fully placed with essential experts (TL, DTL, PMRM, MIS, Social Safeguard Advisor, Resettlement Advisor, Design/Environmental Engineer- 2 nos. and accountant) and supporting to CLPIU in technical and managerial aspects. The CISC experts continue providing support with managerial, technical and social safeguard in planning; advise for effective project planning, implementation, contract management, supervise, monitoring, reporting and backstopping the ongoing work in 12 project districts.

16. At district level, Project Manager (DTO Chief) and DTO engineer have been engaged to plan and strengthen the implementation capacity of the district-level project implementation units (DLPIUs). The District Implementation Support Consultants (DISCs) financed by SDC for 12 project districts have been mobilized. Few additional supporting staff will be mobilized soon after completion of the procurement of remaining contracts and mobilization of the contractors.

17. The CLPIU is also supported by 2 individual consultants, out of the planned 6 individual consultants. The Procurement Specialist (PS) and the Finance Management

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<sup>8</sup> The CISC has the role of Design and Supervision Consultant.

Specialist (FMS) as individual consultant have been engaged and are supporting the CLPIU. 4 individual consultants (Material Engineer, Contract Management Expert, Construction Supervision Engineer and Transport Economist) are under process to recruit.

**18. Implementation progress and issues**–The implementation progress by the end of the reporting period is summarized below and in Table 6.

Road Subproject Identification and DPR: Total 25 Road sub-projects were identified in 12 project districts. However the detail survey, design and field verification of 24 (465.7 km) roads has been completed. The one road sub-project, Singati - Sorung (9 km) section of Singati – Bigu - Thisang road of Dolakha was cancelled, since the road section passes from Gaurishankar conservation area. Out of 24 road subproject, the technical detail part of the Detail Project Report (DPRs) of 22 road subproject with 426.67 km have been prepared and approved by ADB. To finalize the technical DPR of remaining 2 road sub project (Lalaitpur-1 and Lamjung-1); the design engineer from CISC have visited the site for verification of design, drawing and further revision is in process.

Design and Bid Document Preparation: The bid documents for civil works were prepared using the Standard Bidding Document for the Procurement of Works–Small Contracts (SBD Works-Small) issued by the Asian Development Bank.

With support of DSC, the detailed design and bid documents for 22 numbers of NCB contracts (2 NCB contract for vehicle procurement & 20 NCB civil contracts for road works) has been prepared and approved by ADB. The detail procurement status of civil contract work through NCB modality, procurement and supply of equipments/vehicles status is presented in *Attachment 6*.

Procurement of Works: As of reporting period, total of 20 NCB civil contract packages were prepared and approved for road works. All 20 NCB packages for road works have been invited for bids (IFB). Out of 20 NCB civil contract packages, the contract agreement of 14 NCB civil contract packages (*Kathmandu-1, Lalitpur-2, Bhaktapur-1, Kavre-2, Gorkha-2, Lamjung-1, Dolakha-2, Sindhuli-2 & Solukhumbu-1*) have been completed and contracts were awarded to the successful bidders. CLPIU has published notice of intention to award the contract of 2 NCB civil contracts (Chitwan-1 & Okhaldhunga-1). CLPIU also invited the sealed bids from eligible bidder for 4 NCB civil work packages in 3 project districts (Ramechhp-1, Dolkha-2 & Gorkha-1). 3 NCB contract packages (Bhaktapur-1, Kavre-1, & Ramechhap-1) are under preparation of contract bid document for road works and plan to invite for bids in Q2.

Procurement and Supply – Equipments/Vehicles: The procurement plan and modality included in the PAM is taken into consideration during DPR preparation. CLPIU awarded 2 NCB contract for supply and delivery of 3 units 4 WD SUV (Jeep) and 2 units 4 WD Double Cab pickup (total 5 units) with NCB modality and has already been delivered on time. 28 numbers of motorcycles has been procured and distributed to the project districts. The procured vehicles will be distributed to project districts for field monitoring activities in road subprojects.

Shopping procedures have been followed by CLPIU for the procurement of motorcycle, office support logistic equipment, computers, printers, photocopiers and fax machines, office furniture and Generator. The procurement being behind the schedule and needs to be strengthen the CLPIU, and CISC are constantly and proactively supporting them.

5 number shopping packages for procurement of computer and other electronic equipment, logistic goods, material, supply and installation of a generator set at office

premises, supply and delivery of furniture, motorbikes for supervision of civil work in project sites have been substantially completed.

Civil Works in Rehabilitation and Reconstruction of Roads: Out of 22 technical DPR approved from CLPIU and ADB, the implementation of 17 road sub project with 290 km length have been under progress. The joint construction surveys of 8 NCB contract packages in 6 project districts (Kathmandu-1, Bhaktapur-1, Gorkha-2, Kavre-1, Dolkha-2, and Solukhumbu-1) have been completed and road construction works started. The joint construction survey of 3 NCB packages (*Lalitpur-2 & Lamjung-1*) are in progress.

**Table 6: Implementation Progress and Issues**

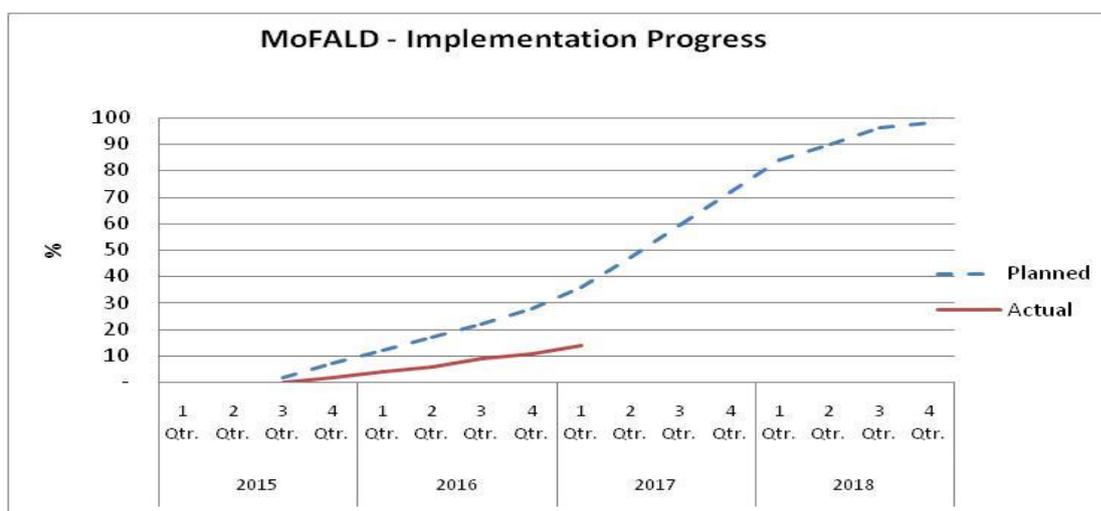
Activities	Current status – 31 March 2017	Major Issues/ Remarks
<b>Recruitment of consultants</b>	<ul style="list-style-type: none"> <li>• Out of 6 individual (planned) consultants, 2 Individual Consultant (Financial Management Specialist &amp; Procurement Specialist) are in place and working.</li> <li>• SDC supported TA have been provided to CLPIU in center and to DLPIU in 12 project districts for planning and implementation. Central Implementation Support Consultant (CISC) fully established with TL, DTL, Planning Monitoring &amp; Reporting Manger, MIS, RP specialist, Environment specialists, Social Safeguard Advisor, 2 numbers of Design and Environmental Engineer and accountant officer to support CLPIU at center.</li> <li>• DISC team to support DLPIUs is mobilized. Few more additional staff will be added in DSIC team on base of progress and requirement is site.</li> </ul>	4 individual consultants (Material Engineer, Contract Management Expert, Construction Supervision Engineer & Transport Economist) are under the plan to recruit
<b>Subproject identification,</b> see Attachment 2 for the list of identified subprojects	<ul style="list-style-type: none"> <li>• Total 25 district level road subproject (474.7 km) has been indentified for Rehabilitation and Reconstruction of District Roads in 12 project districts under EEAP</li> <li>• With the assistance of DSC, total of 24 potential road subprojects (465.7 km) in 12 project districts have been identified for survey, design and estimate.</li> <li>• Out of 24 road sub projects, 17 road subprojects (290 km) planned to implement utilizing the currently available fund.</li> </ul>	1 road subproject Singati - Sorung 9 km section of Singati-Bigu-Thisang road in Dolkha district is on cancelled since the road section passes from Gaurishankar conservation area
<b>Preparation of IEEs and RPs</b> (see Attachment 3 for details)	<p><b><u>IEEs &amp; EMP Activities:</u></b></p> <ul style="list-style-type: none"> <li>• 1 IEE (Kathmandu) approved from MOFALD.</li> <li>• 7 IEE reports (Lalitpur-1, Kavre-2, Lamjung-1, Chitwan-1, Ramechhap-1 &amp; Dolkha-1) sent to ADB, NRA for comments and approval.</li> <li>• Out of 7 IEE report, ADB has given concurrence to 3 IEE reports (Kavre-2, Dolakha-1) and comments incorporation in progress of 4 IEE (Chitwan-1, Lalitpur-1, Lamjung-1 &amp; Ramechhap-1).</li> <li>• 2 IEE report (Dolkha-1 &amp; Chitwan-1) sent to NRA</li> <li>• 2 IEE reports (Gorkha-1 &amp; Lamjung-1) have been drafted.</li> <li>• 3 IEE report (Lalitpur-1, Gorkha-1 &amp; Ramechhap-1) under preparation.</li> <li>• TOR of 4 road subproject (Okhaldhunga-2, Sindhuli-1 &amp; Solukhumbu-1) for IEE still to be approved by NRA.</li> <li>• 5 IEE report (Kathmandu-2, Lalitpur-1, Bhaktapur-1 &amp; Kavre-1) prepared under RRRSDP project and presented in MoFALD and are approval process.</li> </ul>	Since most of IEE reports are still in planning and approval process, the implementation of EMP has not yet been started in field.

	<p><b><u>RP Activities:</u></b></p> <ul style="list-style-type: none"> <li>• 3 RP reports (Kathmandu Kavre &amp; Bhaktapur) have approved from ADB.</li> <li>• 5 RP reports (Kathmandu-1, Ramechhap-1, Okhaldhunga -2 &amp; Solukhumbu-1) have been sent to ADB for review and approval.</li> <li>• Preparation of 5 RP reports of 5 project districts (Lalitpur-1, Kavre-1, Dolkha-1, Gorkha-1 &amp; Sindhuli-1) are in progress.</li> <li>• CDC meeting held in Bhaktapur district only</li> </ul>	RP implementation is yet to started.
<b>Design &amp; bid document preparation</b>	<ul style="list-style-type: none"> <li>• Detail survey, design and cost estimate of 24 nos. (465.7 km) road sub project have been completed. However, the field verification/redesign of 2 road (32.14 km) sub project (Lalitpur-1 &amp; Lamjung-1) are under progress, and expected to be completed within Q2.</li> <li>• Preparation of Bid documents for 16 roads SP has completed. The IFB already published for 20 NCB packages.</li> <li>• The preparation of bid document of 3 NCB package (Bhaktapur-1, Kavre-1 &amp; Ramechhap-1) are in progress and plan to publish IFB in Q2.</li> </ul>	17 road subproject (revised) under implementation progress
<b>Procurement - works</b> , see Attachment 6 for details	<ul style="list-style-type: none"> <li>• 14 NCB civil work contract packages have already been procured (Kathmandu-1, Bhaktapur-1, Lalaitpur-2, Kavre-2, Dolkha-2, Gorkha-2, Lamjung-1, Sindhuli-2 &amp; Solukhumbu-1).</li> <li>• IFB: Total 22 number of IFB have published, out of which 2 NCB are for vehicles procurement and 20 NCB are for civil works in district road.</li> <li>• Notice of Intention to Award published for 2 NCB civil contracts (Chitwan-1 &amp; Okhaldhunga-1) and is under agreement process.</li> <li>• Invited for bides for 4 NCB contract (Ramechhap-1, Dolkha-2 &amp; Gorkha-1) packages for road works are in progress.</li> <li>• Bids under preparation for 3 NCB contract (Bhaktapur-1, Ramechhap-2 &amp; Kavre-1) packages for road works.</li> </ul>	NCB/03, Devitar-Phulasi Pokhari section of Devitar Doramba Pasheban Kolibagar road cancelled and re-invited NCB/21 package
<b>Construction</b>	<ul style="list-style-type: none"> <li>• 11 NCB Contract packages (Kathmandu-1, Lalitpur-2, Bhaktapur-1, Kavre-1, Dolkha-2, Gorkha-2, Lamjung-1 &amp; Solukhumbu-1) in 8 project districts have been mobilized and carried out joint survey.</li> <li>• 7 NCB Civil contract (Kathmandu-1, Bhaktapur-1, Dolkha-2, Gorkha-2 &amp; Solukhumbu-1) packages mobilized.</li> <li>• 4 NCB packages (Lalitpur-2, Kavre-1, &amp; Lamjung-1) are continuing the joint survey works.</li> </ul>	Delay in performing the construction activities in most of all contract packages in districts.
<b>Procurement and supply – equipment/ vehicles</b> , see Attachment 6 for details	<ul style="list-style-type: none"> <li>• Procured &amp; supply of Computer and other Electronics Equipment (22 Desktop, 19 Laptop comp. Photocopy Machine, Printer, Camera &amp; Multimedia Projector).</li> <li>• Procured and supply of office furniture.</li> <li>• Procured 15 kVA Diesel Generator.</li> <li>• Procurement of 28 Motorcycles &amp; distributed to Project districts for monitoring and supervision purpose.</li> <li>• Procured and supply of 3 unit 4 WD SUV (JEEP) and 2 unit 4 WD double cab pickup through NCB contract modality.</li> </ul>	Shopping modality  NCB/16 contract package for procurement & supply of 4 WD vehicle cancelled and re-invited in NCB/17 & 18 package

<b>Implementation of EMPs and RPs</b> , see Attachment 3 for details	Under process of planning and implementation <ul style="list-style-type: none"> <li>• Most of IEE reports are in planning and approval process, the implementation of EMP has not yet started in field.</li> <li>• RPs reports are under approval and preparation stage and not yet distributed compensation to APs and deed transfer process has not yet initiated.</li> </ul>	Implementation expected to start in Q2 Quarter in 12 road subprojects
<b>GESI Action Plan</b> , see Attachment 4 for details	<ul style="list-style-type: none"> <li>• GESI AP of 6 road sub project (Kathamndu-1, Ramechhap-1, Sindhuli-1, Okhaldhunga-2 &amp; Solukhumbu-1) have been approved by ADB. The remaining GESI-AP are under preparation process.</li> <li>• Draft GESI plan of one road subproject (Kuntabesi-Nayagaun- - Nagarkot) Kavrepalanchowk submitted and under review process.</li> </ul>	Implementation of the Action Plan will be initiated in 6 road subproject in Q2.
<b>Others</b>		
- Trainings	Project management focused on MS project software training organized to CLPIU, CISC engineer (3 nos.) on 14 to 17 March 2017 in Nepal Administrative Staff College (NASC)	
-		

19. Based on the cumulative of component wise implementation progress, the overall progress at the end of the reporting period is **13.8 % against an elapsed implementation period** of more than **43.8 %** (*Loan effective date 10 September 2015, and loan closing date of 31 March 2019*),.The implementation progress is covered by the progress in the procurement of consulting services, selection and approval of road sub-projects with detailed project reports, contract award, construction of roads, social safeguard activities etc. see *Attachment 7*.The implementation progress has been compared with the target envisaged at the time of project approval and actual progress achieved in reporting period are presented in Figure 1. The figure illustrates the six month delay in the start-up of the component and the EEAP as a whole.

**Figure 1: Actual and Planned Implementation Progress**



20. Contract Awards and Disbursements - Contract awards and disbursement projections for 2017 were prepared during the ADB Review Mission in March-April 2017, see Table 7. The disbursement details shows a disbursement of \$7.80 million in Q1 2016 representing the advance in the component's imprest account.

Up to reporting period, CLPIU has requested ADB for reimbursement of NRs 144.52 million (US \$ 1.33 million) (ADB loan), and all has been reimbursed. The overall achievement of contract award and disbursement as of March 31, 2017 from ADB component is US \$ 19.95 and US \$ 5.63 million respectively.

**Table 7: Contact awards and Disbursements**

Description	Contract awards(\$ millions)						Contract Disbursement (\$ millions)					
	Total 2016	Q1	Q2	Q3	Q4	Total end of 31Mar. 2017	Total 2016	Q1	Q2	Q3	Q4	Total end of 31Mar. 2017
Projected*	16.25	8.32	4.70	7.40	4.58	24.57	7.80	0.0	2.92	4.50	2.13	7.80
Actual**	15.23	4.72	0.00	0.00	0.00	19.95	5.63	0.0	0.00	0.00	0.00	5.63
Difference	1.02	3.60	4.70	7.40	5.80	4.62	2.17	0.0	2.92	4.50	2.13	2.17

Source: ADB's Loan Financial Information System (LFIS)

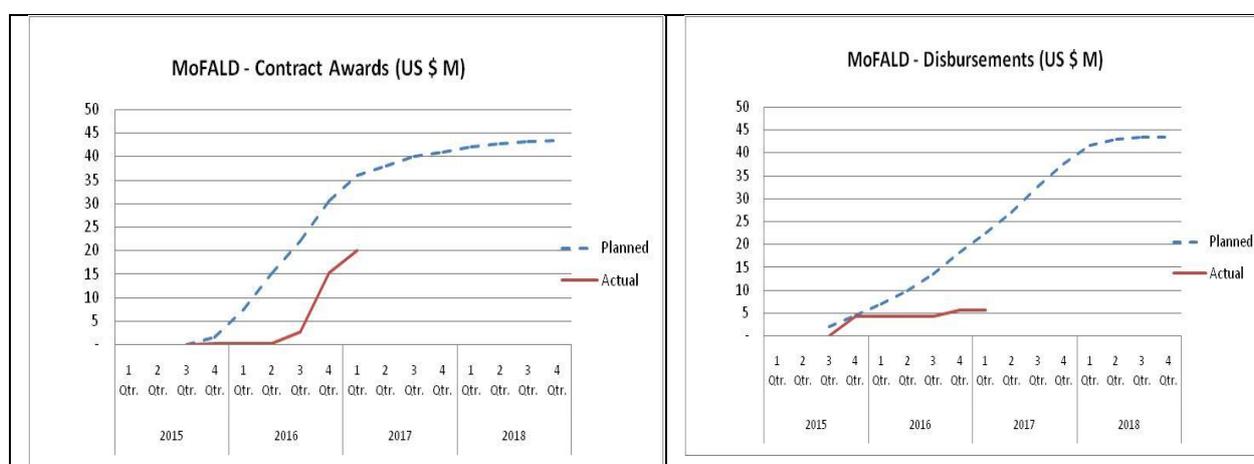
Note \*The projected amount of Contract award & Disbursement for 2015 is based on the amount requested for initial advance in the Imprest Account

\*\* The Actual Disbursement is the amount received as an initial Advance in the Imprest Account

21. By the end of reporting period, 14 NCB contracts (12 NCB for road work & 2 NCB for vehicle procurement) and two individual consultants<sup>9</sup> contracts were awarded. Contract awards upto reporting period i.e. end of Q1 of 2017 achieved \$19.95 million against the target of \$23.1 million. Similarly, the disbursement of US \$ 5.63 million achieved up to the end of Q1 of 2017. Compared to the projections/target, the contract awards and disbursement achievement is lagging behind, and thus require to add more effort future to compensate it.

22. Target vs achievement on Contract Award (CA) and Disbursement has been presented separately in the form of S-curves and are shown in Figure 2. This figure shows a significant shortfall of contract awards compared with originally planned projection which is a reflection of the delays in the start-up of the component and the project as a whole.

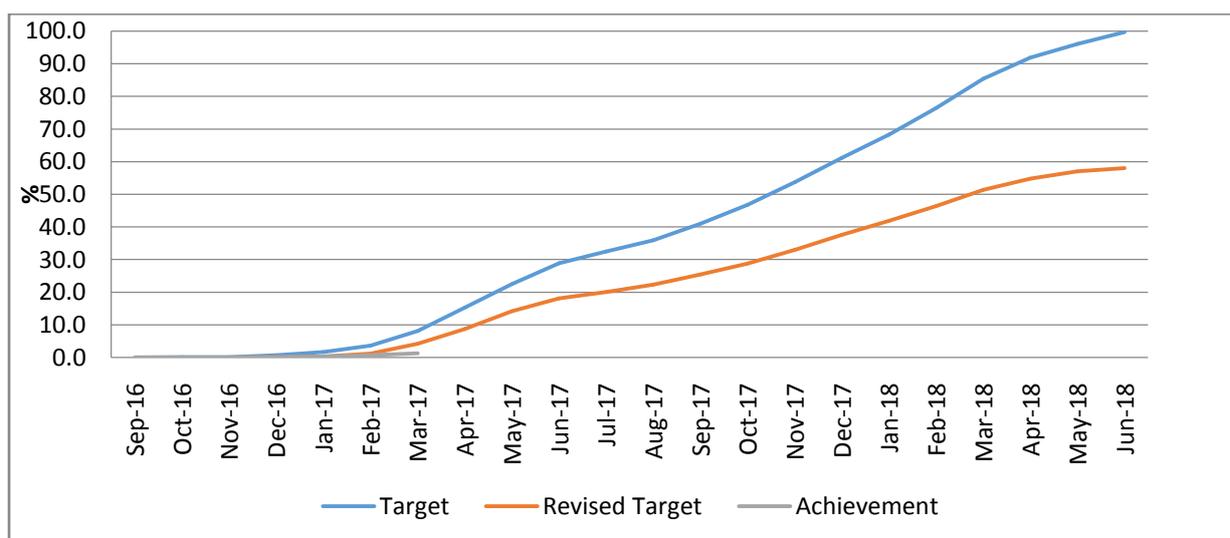
**Figure 2: Contract Award and Disbursement S-Curves**



<sup>9</sup> These four contract awards have not yet been reflected in ADB's LFIS.

23. Plan and progress of individual civil works contracts have been presented in a form of S-curve and included in *Attachment 8*. The cumulative of all the works has been calculated and presented here in figure 3. The curve shows the original and revised target vs. actual progress. Latest update of the curve shows that actual progress is lagging behind the originally planned projection, which is a reflection of the delays in the start –up of the physical work of NCB contracts. It is due to delay on start of the project compare what was planned.

**Figure 3: Cumulative physical target vs. achieve progress of NCB Contract work S-Curves**



24. Government Counterpart Funds – Within its budget for the fiscal year for 2016/2017 NRA allocated NPRs 2,004.52 million for rehabilitation and reconstruction of district roads of this amount, NPRs 240.485 million is earmarked to finance the 12% counterpart financing of civil works contracts and NRPs 126.918 million to finance resettlement cost.

**Table 7: Government Counterpart Funds (NPRs million)**

Description	2015-2016	2016/2017			
		Trimester 1	Trimester 2	Trimester 3	Total
Allocation	84.68	91.16	258.43	146.84	496.43
Utilization	9.91	8.93	32.7	0.00	41.63
Difference	74.77	82.23	225.73	146.84	454.8

In view of the significant increase in the resettlement cost, CLPIU has allocated NRs. 126.91 million for compensation payment. CLPIU also requested NRs 250 million to NRA for compensation payment to APs for rehabilitation and reconstruction of district roads of 12 project districts in FY 2016/017.

25. Review Mission – Asian Development Bank, Nepal Resident Mission (NRA), CLPIU, and SDC Nepal jointly fielded review mission during 22 March - 7 April 2017. The mission visited the Kathmandu, Bhaktapur, Kavre, Dolakha and Ramechhap districts respectively. The mission reviewed the overall project status, the procurement status and discussed the measure to accelerate the design and procurement processes for ensure all remaining contracts award. The mission reviewed the output-wise implementation schedule and assesses the need for an extension of the implementation period. The visit also reviewed the on-site arrangement for construction supervision, construction quality, and check compliance with safeguards requirements. The pre wrap-up meeting will be scheduled on 10 April 2017,

to be chaired by CEO of National Reconstruction Authority (NRA). The final wrap-up meeting will be scheduled on 19 April 2017.

## VI. COMPLIANCE WITH COVENANTS

26. The loan covenants applicable for the component are mostly complied with, see Attachment 9 for details.

## VII. MAJOR PROJECT ISSUES AND PROBLEMS

### A. Status of Critical Actions Identified During the Previous Reporting Period

Issues	Actions	Responsibility	Status (31 March 2017)
Implementation of Resettlement Related activities at District/ Subproject level	DLPIU has to initiate the RP activities in support of DISC.	DLPIU / DISC	<ul style="list-style-type: none"> <li>3 RP reports (Kathmandu Kavre &amp; Bhaktapur) have approved from ADB.</li> <li>5 RP reports (Kathmandu-1, Ramechhap-1, Okhaldhunga-2 &amp; Solukhumbu-1) have sent to ADB for review and approval.</li> <li>Compensation distribution yet to be started.</li> <li>CDC meeting held in Bhaktapur.</li> <li>RP implementation is taking longer time than the expectation.</li> </ul>
Construction survey and start the construction works.	Joint construction survey works by contractor and DISC has to be started, submit/approve the design and start the construction works.	Contractor, jointly with DISC/DLPIU.	<ul style="list-style-type: none"> <li>11 NCB Contract packages (Kathmandu-1, Lalitpur-2, Bhaktapur-1, Kavre-1, Dolkha-2, Gorkha-2, Lamjung-1 &amp; Solukhumbu-1) in 8 project districts have been mobilized.</li> <li>10 NCB contractors carried out Construction survey (Kathmandu-1, Lalitpur-2, Bhaktapur-1, Kavre-1, Dolkha-2, Gorkha-2, &amp; Solukhumbu-1).</li> <li>Joint survey ongoing in Lamjung-1</li> <li>Civil work started and ongoing under 5 NCB packages (Kathmandu-1, Bhaktapur-1, Dolkha-1, Gorkha-1 &amp; Solukhumbu-1).</li> </ul>

### B. Critical Actions to be Addressed during the Next Three Months

Issues	Actions	Responsibility	Time Frame
Delay in mobilization and start of civil work by contractors	DLPIU has to facilitate and assist to clear the site.	DLPIU / DISC	April 2017
Delay in approval of IEE. IEE review panel still not established.	CLPIU, DLPIU expected to finalize the ToR and IEE report and NRA establish	NRA, CLPIU.	3 <sup>rd</sup> week of April 2017

	review panel within NRA for environmental assessment and approval of IEE, EMP.		
Delay in cadastral survey, RP approval & CDC meeting to finalize and acquisition process.	NRA, MoFALD modify the land acquisition rules & expedites the land acquisition process	CLPIU, NRA, CISC	April 2017
Counterpart fund for resettlement plan and compensation amount	NRA approved the additional funding for resettlement.	CLPIU, NRA	April 2017
Safeguard unit yet to be established in NRA	NRA plan to establish the safeguard unit in NRA	NRA	May 2017

### Attachments

Attachment 1	:	Status of Achieving Project Impact, Outcomes, and Inputs/ Activities
Attachment 2	:	List Identified Subprojects
Attachment 3	:	Planning and Implementing Safeguards Activities
Attachment 4	:	GESI Action Plan Implementation
Attachment 5	:	Status of CLPIU and DLPIU Staffing
Attachment 6	:	Procurement Status and Details
Attachment 7	:	Component Implementation Progress (Revised Physical Progress status Sheet
Attachment 8	:	S-Curve of NCB Civil Contract Packages
Attachment 9	:	Compliance with Loan Covenants