

Government of Nepal
Ministry of Federal Affairs and Local Development
Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR)
Central Level Project Implementation Unit
Kupandol, Lalitpur

Earthquake Emergency Assistance Project Rehabilitation and Reconstruction of District Roads

Project Number: 49215-001

ADB Loan No.: 3260 NEP and SDC TA

Quarterly Progress Report

September – December 2016

(4th Quarter - 2016)



CENTRAL IMPLEMENTATION SUPPORT CONSULTANTS (CISC)

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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 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 25th April 2016.

4. The project supports the Government of Nepal to accelerate recovery and reconstruction following the devastating earthquake of 25 April 2015 and the major aftershock of 12 May 2015. The project has four outputs (or components) covering 12 districts out of the 14 mostly affected districts.¹

- (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.² 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

¹The districts Solukhumbu, Okhaldunga, Ramechhap, Dolakha, Kavre, Sindhuli, Kathmandu, Lalitpur, Bhaktapur, Lamjung, Gorkha and Chitwan,

² 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 2: Overall Project Implementation Schedule

Activities	2015 /Qtr	2016 Qtr	2017 Qtr	2018 Qtr
A. Infrastructure upgrading and reconstruction				
Output 1. Schools are rebuilt and upgraded				
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	—	—	—	—
Output 2: Roads and bridges are rehabilitated and/or reconstructed				
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	—	—	—	—
Output 3. District-level government facilities constructed and/or rebuilt				
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	—	—	—	—
Output 4. Disaster preparedness and management capacities strengthened				
Activity 4.1 Technical audits	—	—	—	—
Activity 4.2 Carryout training and capacity building of technical staff in IAs	—	—	—	—
R & R program management	—	—	—	—
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),³ 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 have 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 1), 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 2). 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 1: Project Investment Plan⁴
(\$ millions)

Item	Amount ^a
A. Base Cost^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
Subtotal (A)	212.7
B. Contingencies^c	15.9
C. Financing Charges During Implementation^d	3.4
Total (A+B+C)	232.0

^a Includes taxes and duties of about \$30 million to be partially financed by ADB.

^b In mid-2015 prices.

^c 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.

^d 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 2: Financing Plan⁵

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Asian Development Fund	200.0	86.2
Government of Nepal	32.0	13.8
Total	232.0	100.0

Sources: Asian Development Bank and Government of Nepal.

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

⁴ The complementary DSC grant of US \$ 3.817 million is not reflected in the table.

⁵ The complementary DSC grant of US \$ 3.817 million is not reflected in the table.

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 3.

Table 3: Detailed Cost Estimate ⁶
(\$ millions)

Items	Output 2: Rehabilitation/ Reconstruction of District Roads	Total Project Costs
A. Investment Costs – Rehabilitation and Reconstruction of District Roads		
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
Subtotal (A)	48.788	212.70
B. Contingencies		
1. Physical Contingencies		9.73
2. Price Contingencies		6.19
Subtotal (B)		15.92
Total Project Cost (A+B)		228.62
Financial Charges during Implementation		3.38
Total Project Cost		232.0

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 4.⁷In the same table, the amounts committed (contracted) and disbursed against the loan categories by the end of the reporting period are presented.

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

⁷ The loan categories for interest during construction and unallocated are not included.

Table 4: Allocation and Utilization of Loan Funds

(\$ millions)

Category		Loan Funds allocated for Reconstruction & Rehabilitation of District Road ^a		Cumulative Amount committed at the end of the reporting period: 31 December 2016		Cumulative Amount disbursed at the end of the reporting period: 31 December 2016	
No	Items	(\$ '000)	%	(\$ '000)	(%)	(\$ '000)	(%)
1	Civil Works	39,600	88	14,806	37.4	1,121.4	2.83
2.1	Goods, Supplies and Equipment ^a	1,500	100	116.0	7.7	114	7.6
2.2	Vehicles	450	100	56.81	12.6	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
	Total (ADB Funds)	43,388		15,299.3	35.1	1,333.74	3.07
	Government of Nepal Fund	5,400	12	0.31	0.01		
	Total	48,788		15,229.60	31.22	1,333.74	3.07

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 will not be achievable. Within the currently allocated funds for the district roads, it is expected that about 285 km of roads can be included under the component for implementation. A total of 25 potential road subprojects has been identified see Attachment 2, out of which 16 road subprojects has been plan to implement within the current fund allocation. One road subproject Singati - Sorung 9 km section of Singati-Bigu-Thisang road in Dolkha district has been on hold as the Singati - Sorung 9 km section road section passes from Gaurishankar conservation area.

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 mobilizing 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. One IEE report of Sankhu – Palubari - Nagrkot Road has been approved from ADB, MoFALD. 2 IEE reports have already been presented in MoFALD and 3 IEE reports have submitted to ADB for concurrence. In addition, 7 IEE reports have been in final stage and 4 more IEE reports are under preparation phase. Since most of IEE reports are still in planning and approval process, the implementation of EMP has not yet started in field. The TOR of 4 road subprojects for IEE has been

underpreparation and approval process. Likewise, the RP preparation has been in progress. 2 RP reports (Kathmandu, & Bhaktapur) has approved from ADB. 5 RP reports (Kathmandu-1, Kavre-1, Dolkha-1, Ramechhap-1 & Solukhumbu-1) have been sent to ADB for review and approval. Ten RP report from 6 project districts (Kathmandu-1, Lalitpur-3, Kavre-2, Dolkha-1 Sindhuli-1 & Okhaldhunga-2) have been under preparation phase, see Attachment 3 for details. Two RP Lalitpur and Sindhuli are expected to complete by end of January 2017. The cost for implementing the RPs is significant: the total cost is currently estimated at \$3.58 million for 4 road subprojects has been requested NRA for resettlement cost and has been approved US \$ 1.30 million in FY 2016/17. The required additional funding to implement the RPs has been under approval process.

14. Implementation of the component's Gender Equality and Social Inclusion (GESI) Action Plan see Attachment 4, is expected to start in Q1 under 14 road subprojects with assistance of the GESI expert/ consultant has recruited and the design and supervision consultants has already set up from Swiss Development Cooperation (SDC). The GESI action plan is being prepared 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 date GESI AP of Sankhu-Paluwari-Nagarkotha has forwarded to CLPIU and rest are under review process.

V. IMPLEMENTATION ARRANGEMENTS AND PROGRESS

15. **Implementation arrangements**—By the end of the reporting period, the CLPIU was fully staffed, 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)⁸ financed by SDC has been fully placed with required experts (TL, DTL, MRM, MIS, RP expert, GESI expert, 2 design Engineer and accountant) and supporting to CLPIU. 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 backstop the ongoing work in 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), also financed by SDC for 12 project districts are being mobilized for supervision, monitoring of ongoing road works and also to provide support and advice on effective project planning and implementation.

17. The CLPIU is also supported by three out of the seven individual consultants to be engaged. The Procurement and Contract Management expert, Technical Design and Supervision engineer and the Finance Management Specialist (FMS) as individual consultant have been engaged and are supporting the CLPIU. Four individual consultants (Transport Economist, Quality Management Specialist, Environmental specialist and RP/and or GESI expert) are still to be recruited.

18. **Implementation progress and issues**—The implementation progress by the end of the reporting period is summarized below and in Table 5.

⁸ The CISC has the role of Design and Supervision Consultant.

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 (464 km) roads has been completed. The one road sub-project, Singati-Sorong (9km) section of Singati-Bigu-Thisang road of Dolakha was on hold, as the road section passes from Gaurishankar conservation area. Out of 24 road subproject, the technical Detail Project Report (DPRs) of 16 road subproject with 285 km have been prepared and approved by ADB.

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 CISC, the detailed design and bid documents for 21 numbers of contracts in 12 project districts has been prepared and approved by ADB.

Procurement of works: As of reporting period, total of 21 NCB contract packages were prepared. 15 NCB packages have been invited for bids (IFB) and rest 6 packages under bidding process. The contract agreement of 8 NCB civil contract packages (*Kathmandu-1, Bhaktapur-1, Solukhumbu-1, Gorkha-2, Dolakha-2, & Kavre-1*) has been completed and contractors mobilized in site. The joint construction survey of 2 road subproject (Kathmandu and Bhaktapur) has been completed. The joint construction survey of 3 road subprojects (Gorkha-2 & Solukhumbu-1) are continuing and the joint construction survey of 3 road subprojects (Kavre-1 & Dolakha-2) has been planned to start by 2nd week of January 2016.

Procurement and supply – equipment/ vehicles: The procurement plan and modality included in the PAM is taken into consideration during DPR preparation. CLPIU published notice in national daily news paper from eligible bidder for invitation for bids (IFB) for procurement, supply and delivery of 3 units 4 WD (Jeep) and 2 units 4 WD Double Cab pickup (total 5 units) from NCB modality. 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. The procurement being behind the schedule and needs to be strengthened. CLPIU, and CISC are constantly and proactively supporting them.

Similarly, 4 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.

Table 5: Implementation Progress and Issues

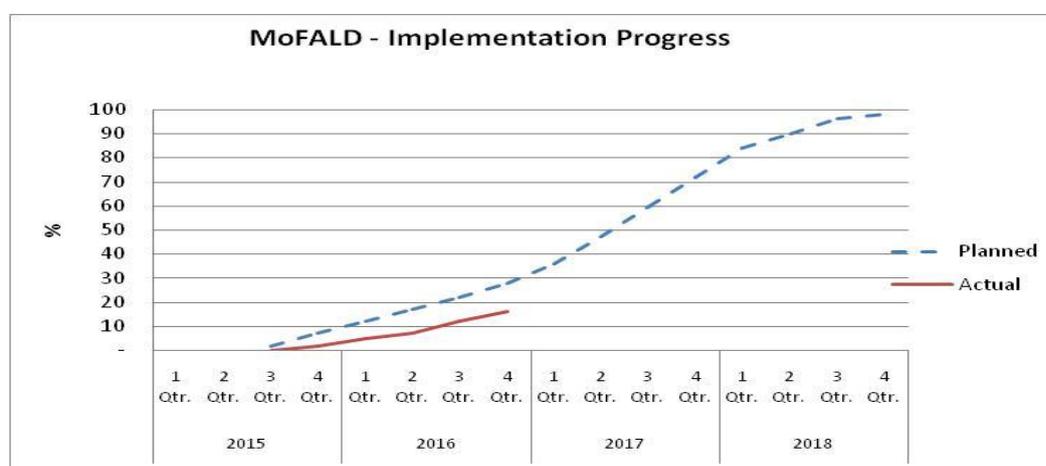
Activities	Current status – 31 December 2016	Major Issues/ Remarks
Recruitment of consultants	*Out of 7 individual (plan) consultants, 3 Individual Consultants (Technical Design & Supervision Engineer, Financial Management Specialist & Procurement Specialist) placed and working. * SDC supported TA provided for CLPIU in center and for DLPIU in 12 project districts for planning and implementation. Central Implementation Support Consultant (CISC) fully established with TL, DTL, Planning Monitoring & Reporting Manger, MIS, RP expert, GESI expert, 2 design engineer and accountant to support CLPIU at center. * DISC team to support DLPIU, is being mobilized based	

	on progress on the contract at the project district. Till now technical team for 7 project districts (Kathmandu, Lalitpur, Bhaktapur, Gorkha, Dolkha, Kavrepalanchowk and Solukhumbu) are mobilized. Further mobilization in progress to catch the project progress.	
Subproject identification, see Attachment 2 for the list of identified subprojects	With the assistance of CISC, total of 24 potential road subprojects for Rehabilitation and Reconstruction in 12 project districts with the total length of 464 km have been identified, out of which 16 road subprojects have been planned to implement remaining within the current fund allocation.	16 road subprojects (Revised) planned to be implemented. 1 road subproject Singati - Sorung 9 km section of Singati-Bigu-Thisang road in Dolkha district is on hold since the road section passes from Gaurishankar conservation area
Preparation of IEEs and RPs (see Attachment 3 for details)	<p><u>IEEs & EMP Activities:</u></p> <ul style="list-style-type: none"> • 1 IEE approved from MOFALD (Kathmandu). • 2 IEE reports (Kathmandu and Kavre) presented in MoFALD and under approval process. • 3 IEE reports have (Kavre, Dolkha & Chitwan) been sent to ADB for comments and approval. • 7 IEE draft reports (Lalitpur, Kavre, Dolkha, Gorkha, Lamjung-2, & Ramechhap) prepared. • 4 IEE reports under preparation phase. • TOR of 4 road subprojects for IEE under preparation and approval process. <p><u>RP Activities:</u> 2 RP reports (Kathmandu & Bhaktapur) have approved from ADB. 5 RP reports (Kathmandu-1, Kavre-1, Dolkha-1, Ramechhap-1 & Solukhumbu-1) have been sent to ADB for review and approval. Two RP Lalitpur and Sindhuli are expected to complete by end of January 2017. Ten more RP reports from 6 project districts (Kathmandu-1, Lalitpur-3, Kavre-2, Dolkha-1, Sindhuli-1 & Okhaldhunga-2) have been under preparation phase</p>	Since most of IEE reports are still in planning and approval process, the implementation of EMP has not yet been started in field.
Design & bid document preparation	<ul style="list-style-type: none"> • With assistance of CISC, detail designs, estimate of 21 road subproject have been completed. • Bid documents for 12 roads SP completed and IFB published 15 NCB packages. • IFB under process for 2 NCB (Okhaldhunga & Chitwan) 	16 road subproject (Revised)
Procurement - works, see Attachment 6 for details	<ul style="list-style-type: none"> • 8 NCB contracts procured & mobilized (Kathmandu, Bhaktapur, Solukhumbu, Gorkha, Dolakha and Kavre) • IFB: IFB published 15 NCB packages, Out of 15 IFB, 3 NCB contracts are awaiting for signing the contract agreement and Bid Evaluation completed for 4 NCB packages • Plan for IFB for 6 NCB by January 2017 	
Construction	<ul style="list-style-type: none"> • 2 NCB Contract packages (Kathmandu & Bhaktapur) mobilized at site and completed joint survey works. Planning to start the construction works by 2nd week of 2017. • 3 NCB packages (Gorkha-2 & Solukhumbu-1) are continuing joint survey works. Similarly 3 NCB packages (Dolakha-2 & Kavre-1) has planned to start joint survey works from 2nd week of Jan 2017. 	

Procurement and supply – equipment/ vehicles , see Attachment 6 for details	<ul style="list-style-type: none"> • Procured Computer and other Electronics Equipment (22 Desktop, 19 Laptop comp. Photocopy Machine, Printer, Camera & Multimedia Projector) • Procured Office Furniture • Procure 15 kVA Diesel Generator • CLPIU office furnishing • Procurement of 28 Motorcycles & distributed to Project districts for monitoring and supervision purpose. • Procurement initiated for: <ul style="list-style-type: none"> • 53nos. 4 wheel drive vehicle. • 2 Pick Up 	
Implementation of EMPs and RPs , see Attachment 3 for details	Under process of planning and implementation <ul style="list-style-type: none"> • Most of IEE reports are in planning and approval process, the implementation of EMP has not yet started in field. • RPs report are under approval and preparation stage and not yet distributed compensation to APs and deed transfer process has not yet initiated. 	Implementation expected to start in Q1 Quarter in 12 road subprojects
GESI Action Plan , see Attachment 4 for details	<ul style="list-style-type: none"> • GESI AP of Sankhu-Paluwari-Nagarkot road subproject (Kathmandu) has forwarded to CLPIU and rest are under preparation process • Draft GESI plan of one road subproject (Kuntabesi-Nayagaun-Nagarkot) Kavrepalanchowk submitted and under review process. 	Implementation of the Action Plan will be initiated in 12 road subproject in Q1 Quarter.
Others		
- Trainings		
-		

19. Based on the implementation progress, the overall progress at the end of the reporting period is **16.4 % against an elapsed implementation period of more than 37%** (*Loan effective date 10 September 2015, and loan closing date of 31 March 2019*),. The implementation progress is based on 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 see Attachment 7. This implementation progress is compared with the implementation progress envisaged at the time of project approval 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 - For the rehabilitation and reconstruction of district roads upgrading component, contract awards and disbursement projections for 2016 were prepared during the ADB July-August 2016 Review Mission, see Table 6. The disbursement projections include a disbursement of \$7.9 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), of which NRs. 144.52 million (US \$ 1.33 million) 100% has been reimbursed. The overall achievement of contract award and disbursement as of December 31, 2016 from ADB component is US \$ 15.23 and US \$ 1.33 million respectively.

Table 6: Contract awards and Disbursements

Description	Contract awards(\$ million)						Contract Disbursement (\$ million)					
	Total 2015	Q1	Q2	Q3	Q4	Total end of 31Dec. 2016	Total 2015	Q1	Q2	Q3	Q4	Total end of 31December 2016
Projected*	4.30	1.00	5.00	4.50	5.50	20.30	4.30	0.0	1.00	1.00	1.50	7.80
Actual**	0.25	0.00	0.00	2.42	12.56	15.23	4.30	0.0	0.00	0.00	1.33	5.63
Difference	4.05	1.00	5.00	2.08	-7.06	5.07	0.0	0.0	1.00	1.00	0.17	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

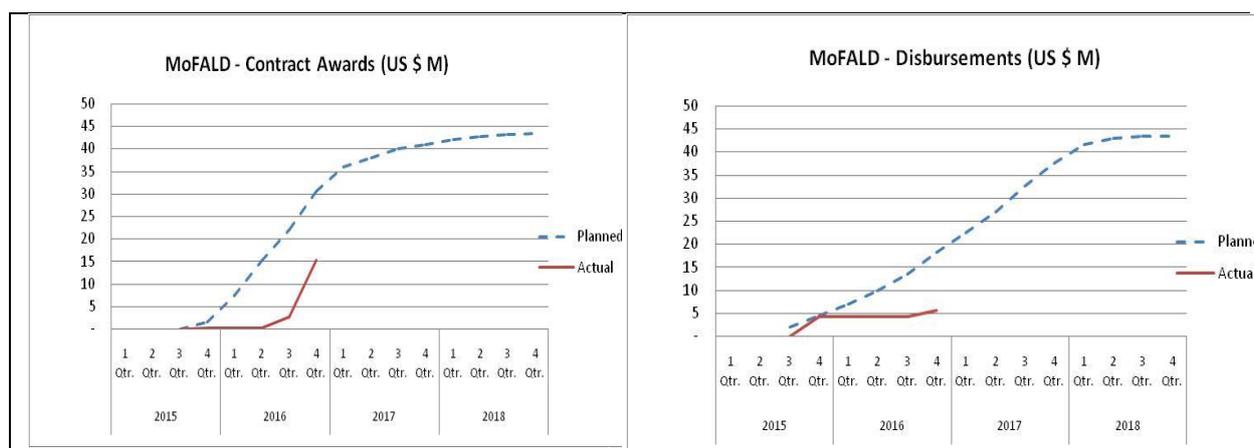
** The Actual Disbursement is the amount received as an initial Advance in the Imprest Account

21. By the end of reporting period,⁸ NCB contracts and three individual consultants⁹ contracts were awarded. Contract awards during 2016 reached \$14.8 million by the end of Q4 against the 2016 target of \$16.0 million. There was disbursement of US \$ 1.33 million during the 4th quarter of 2016. Compared with the 2016 projections, the component's contract awards and disbursement achievement by the end of the reporting period is satisfactory as the project is running in planning and initial implementation phase.

22. The S-curves for contract awards and disbursements projected for the project implementation period at the time of project approval and the actual achievements since the start of the project are presented 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.

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

Figure 2: Contract Award and Disbursement S-Curves



23. Government counterpart funds – Within its budget for the fiscal year for 2016-2017, NRA allocated NPRs 2,004.052 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 NPRs 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	0	0.00	8.93
Difference	74.77	82.23	258.43	146.84	487.5

In view of the significant increase in the resettlement cost, CLPIU has allocated NRs. 126.91 million for compensation payment.

VI. COMPLIANCE WITH COVENANTS

24. The loan covenants applicable for the component are mostly complied with, see Attachment 7 for details.

VII. MAJOR PROJECT ISSUES AND PROBLEMS

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

Issues	Actions	Responsibility	Status (31Dec. 2016)
DSC not yet engaged	Submission of DSC shortlist and draft RFP to ADB	CLPIU	CISC and DISC has been placed and mobilized. For Survey, Design and DPR preparation local consultant has hired, Technical design are mostly done.
CLPIU inadequately staffed	Appointment of 4 engineers and one accountant	CLPIU, DOE, MOE	Project Director, Deputy Project Director, 2 engineer, 1 accountant officer & accountant in place and working

CLPIU lacks a dedicated office	Finalizing rental of dedicated CLPIU office space	CLPIU	CLPIU hired office building in Kupandol, Lalitpur and fully run with sufficient space
Type designs for LS and SS schools not yet finalized and approved	Finalization of type designs and obtaining approval by DUDBC	ADB TA consultants, CLPIU and DUDBC	NA
Delays in procurement/ contract awards	Expedite procurement/ contract awards	CLPIU	8NCB contract packages awarded for road work. 7 NCB Packages under Bidding & Evaluation process.

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

Issues	Actions	Responsibility	Time Frame
Implementation of Resettlement Related activities at District/ Subproject level	DLPIU has to initiate the RP activities in support of DISC.	DLPIU / DISC	February 2017
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.	3 rd week of January 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	:	Compliance with Loan Covenants