

## Nepal Early Warning Update Asian Development Bank (ADB) Proposed Projects ADB Volume No. 1, November 2007

This Bulletin is a periodic electronic update from the Bank Information Center (BIC) South Asia office to inform civil society about Asian Development Bank (ADB) projects in Nepal before they are approved by the Board of Directors of the ADB. This Update covers project information, organized by sectors. The information is compiled directly from ADB's Business Opportunities<sup>1</sup>.

*For feedback on the Early Warning Update or to subscribe, please contact:*  
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*For more information on specific projects, please contact the following at the ADB:*  
The Project Officer (contact details listed against each project). When emailing, also copy to: disclosure@adb.org.

You may also contact the ADB Public Information and Disclosure Unit<sup>2</sup> (See: <http://www.adb.org/Disclosure/contact.asp>).

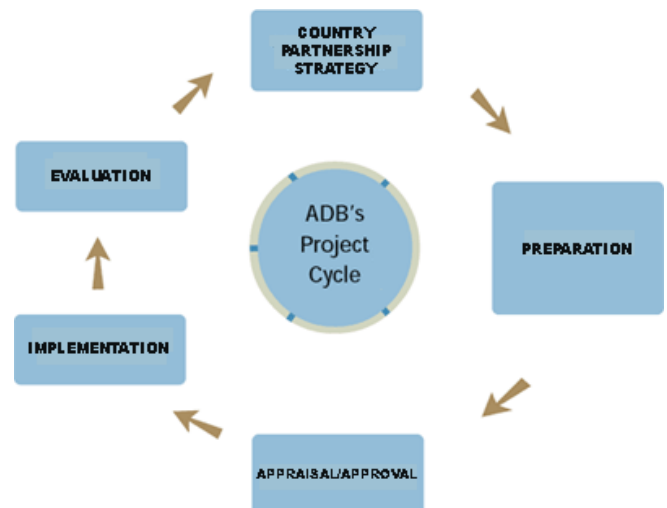
### About Business Opportunities (BOp)

Business Opportunities (BOp) identifies potential projects that are under consideration for ADB financing. The BOp listings do not guarantee that financing will be approved for particular projects. However, BOp listings serve as important tools for monitoring and follow up of proposed projects. These, along with your country's Country Partnership Strategy (CPS), work as early warnings on the projects that your government and the Bank are considering for funding. Advocacy and campaigning experience around the world on Bank projects indicates that the earlier civil society gets involved on proposed projects, the greater the likelihood for impacting them. Proposed projects are listed until the point of ADB Board approval; the remaining are dropped from the list. BOp listings are prepared after CPS approval and during the early phases of Project Preparation. For better understanding of this process, the Bank's Project Cycle is summarized below.

### Project Cycle<sup>3</sup>

**Project Identification/Preparation:** ADB often provides grants called project/program preparatory technical assistance (PPTA) to help the government identify and prepare feasible projects. The summary is made available in the form of a project profile or project information document (PID).

During the early stage of the PPTA, an initial poverty and social assessment is conducted to identify people who may be beneficially or adversely affected. A technical assistance report is prepared as a recommendation for ADB to finance a technical assistance project.



<sup>1</sup> ADB Business Opportunities available online at <http://adb.org/Business/Opportunities/prprojcs.asp>.

<sup>2</sup> The Public Disclosure Unit monitors whether ADB staff are complying with ADB's Disclosure Policy. Read and download the Public Communications Policy on Disclosure and Exchange of Information at: <http://www.adb.org/Documents/Policies/PCP/default.asp?p=disclose>.

<sup>3</sup> The complete project cycle of the ADB has been elaborated at: <http://www.adb.org/Projects/cycle.asp>.

If the project requires resettlement of people or might adversely impact the environment, or indigenous peoples, certain safeguard assessments are prepared during this stage. The results of these **assessments are to be made available to affected people**. For more information on community rights under ADB safeguards<sup>4</sup> and international best practices, see comparative matrices of MDB safeguard policies at <http://www.bicusa.org/en/Article.3494.aspx>

**Project Examination:** ADB examines project feasibility, first through a **fact-finding mission** and then through an appraisal mission. The fact-finding mission examines the project's technical, financial, economic, environmental, marketing, and management aspects and potential social impact. Detailed project risks and sensitivity analyses are carried out to assess viability of the proposed project and loan terms are discussed.

Following this, the **Appraisal Mission** conducts further field study, analyses and consultation, as required. The mission then prepares a loan proposal report and draws up a draft loan agreement for negotiation. After appraisal, the draft loan agreement and draft project proposal is submitted for review. Government is then called for negotiation with ADB. After negotiations with the government, the loan proposal is submitted to Board of Directors for **Approval** through its Report and Recommendation of the President (RRP).

After Board approval, the document is sent to the borrowing country's Government for cabinet authorization following which **the loan agreement is signed**. The loan takes effect once certain conditions are met. **The requirements and deadline for loan effectiveness are stipulated in the loan agreement.**

ADB-assisted projects are **implemented** by the executing agency according to the agreed schedule and procedures as detailed out in the project administration memorandum. Implementation time generally ranges from two to five years but depends on the type and nature of the project. ADB's review missions assess the progress of project implementation by visiting it at least twice a year throughout the implementation period.

If a project has significant environmental or social issues, **ADB will often require the borrower to submit regular monitoring reports**, in addition to progress reports. Information on the project's implementation progress and status of development objectives and loan covenants is added to the project information document during this implementation phase.

(For more information, refer to '*Unpacking the ADB: A Guide to Understanding the Asian Development Bank*'<sup>5</sup>)

## Commonly Used BOp Acronyms

TA: Technical Assistance

AOTA: Advisory and Operational Technical Assistance Loans

PPTA: Project Preparatory Technical Assistance

RETA: Regional Technical Assistance

EIA: Environmental Impact Assessment

IEE: Initial Environmental Examination

(N): New Project

(R): Revised (*italic text indicates change from previous month*)

## ADB Environmental Categorization

**Category "A" Projects:** Projects having severe environmental impacts are categorized as "A". An EIA is required.

**Category "B" Projects:** Projects having some adverse environmental impacts are categorized as "B". An IEE is required in order to determine whether an EIA also needs to be done. If not, then the IEE is the final environment document.

**Category "C" Projects:** Projects having no environmental impacts are categorized as "C". No IEE or EIA is required but environmental considerations are still reviewed.

**Category "F1" Projects:** Projects involving a financial intermediary or equity investment are classified as "F1". The financial intermediary will apply an environmental management system if environmental impacts are expected.

## Current Business Opportunities for Nepal

<sup>4</sup> More on the ADB Safeguards Policy Update process at: <http://www.bicusa.org/en/Article.2851.aspx>

<sup>5</sup> BIC-NGO Forum on ADB Toolkit can be downloaded from <http://www.bicusa.org/Legacy/1-35%20adb%20blue.pdf>.

### **Agriculture & Natural Resources/Agriculture Sector Development**

<b>Project Name</b>	<b>(R) Strengthening Land Administration Services</b>
<b>Project Type and ID</b>	AOTA: NEP 40544-01
<b>Executing Agency</b>	Ministry of Land Reform and Management
<b>TA Amount (US\$ '000)</b>	350.00
<b>Date of First Listing</b>	4 July 2007
<b>Objectives and Scope</b>	The expected impact of the ADTA is a more reliable, fair and sustainable land administration system. Its outcome will comprise a roadmap and recommendations for consolidation of existing legislation on land, and a strengthened land titling and administration system The expected outputs of the proposed TA will be: (i) a revised business process, (ii) a strategy for the future use of technology in land administration, (iii) accessible, secure and upgraded land records, (iv) an action plan and costings to implement the strategies, (v) pilot testing of the strategies in selected areas within districts, and (vi) a roadmap towards a comprehensive national land policy.
<b>Environmental Assessment</b>	-
<b>Project Processing Stage</b>	Approved by the Bank : 26 September 2007
<b>Project Officer</b>	<i>Govinda P. Gewali (632-5515); Nepal Resident Mission; <a href="mailto:ggewali@adb.org">ggewali@adb.org</a></i>

### **Education /Education Sector Development**

<b>Project Name</b>	<b>(N) Education Sector Program (Subprogram II)</b>
<b>Project Type and ID</b>	Grant: NEP 35174-03
<b>Executing Agency</b>	Ministry of Education & Sports
<b>TA Amount (US\$ '000)</b>	8,000.00
<b>Date of First Listing</b>	22 October 2007
<b>Objectives and Scope</b>	The ESP II will contribute to poverty reduction in Nepal by increasing the level of education attainment, particularly for girls and disadvantaged groups. The ESP II will support the preparation and transition to School Sector Reform (SSR), particularly the early implementation of the 1-8 basic education restructuring in a few districts.
<b>Environmental Assessment</b>	-
<b>Project Processing Stage</b>	SRC Completed : 5 October 2007
<b>Project Officer</b>	Ayako Inagaki (632-6582); Agriculture, Natural Resources and Social Services Div, SARD; <a href="mailto:ainagaki@adb.org">ainagaki@adb.org</a>

### **Education/ Education Sector Development**

<b>Project Name</b>	<b>(R) Education Sector Cluster Program (Subprogram 3)</b>
<b>Project Type and ID</b>	PPTA: NEP 38175-01
<b>Executing Agency</b>	Ministry of Education & Sports
<b>TA Amount (US\$ '000)</b>	600.00
<b>Date of First Listing</b>	28 September 2007
<b>Objectives and Scope</b>	The TA will assist the School Sector Reform (SSR) Core Document writing team in refining policy options and strategies and in developing programs and financing frameworks for the SSR, and it will help design ESP II (or a new Program cluster) to contribute to the financing of the SSR Program jointly with the other education development partners.
<b>Environmental Assessment</b>	<i>Not Required</i>
<b>Project Processing Stage</b>	Fact-Finding Mission Completed : 19 September 2007
<b>Project Officer</b>	Ayako Inagaki (632-6582), Agriculture, Natural Resources and Social Services Div, SARD; <a href="mailto:ainagaki@adb.org">ainagaki@adb.org</a>

### Energy /Energy Sector Development

**Project Name** (N) Promoting Private Sector Participation in the Power Sector  
**Project Type and ID** AOTA: NEP 41025-01  
**Executing Agency** Ministry of Water Resources  
**TA Amount (US\$ '000)** 600.00  
**Date of First Listing** 16 October 2007  
**Objectives and Scope** The TA will help the GON to formulate investor friendly PSP policy and enforceable regulations that will be tailored to the market's need. The proposed TA will: (i) review and analyze current obstacles for PSP, (ii) recommend updates of relevant policy and regulations (iii) provide public-private partnership (PPP) models in terms of risk mitigations and capital cost reductions, and (iv) provide assistance to the GON in promotion of opportunities, preparation, evaluation of bids and negotiation of contracts.

**Environmental Assessment**

**Project Processing Stage** Fact-Finding Mission Completed : 26 September 2007  
**Project Officer** Neside T. Anvaripour (632-6468); Energy Division, SARD;  
[ntasanvaripour@adb.org](mailto:ntasanvaripour@adb.org)

### Energy /Hydropower Generation

**Project Name** (N) Preparing the West Seti Hydroelectric Project  
**Project Type and ID** PPTA: NEP 41055-01  
**Executing Agency** Ministry of Finance  
**TA Amount (US\$ '000)** 300.00  
**Date of First Listing** 12 October 2007  
**Objectives and Scope** The TA will conduct the assessments, identify and design appropriate fiscal governance measures, carry out the economic and financial due diligence and prepare a local area development program.

**Environmental Assessment**

**Project Processing Stage** Fact-Finding Mission Completed : 26 September 2007  
**Project Officer** Neside T. Anvaripour (632-6468); Energy Division, SARD;  
[ntasanvaripour@adb.org](mailto:ntasanvaripour@adb.org)

### Health, Nutrition, & Social Protection/Social Protection

**Project Name** (R) Strengthening Decentralized Support for Vulnerable and Conflict-Affected Families and Children  
**Project Type and ID** Grant: NEP 40115-01  
**Executing Agency** Ministry of Women, Children and Social Welfare  
**TA Amount (US\$ '000)** 2,000.00  
**Date of First Listing** 29 June 2007  
**Objectives and Scope** The overall goal of the project is to strengthen decentralized social service delivery through an effective child protection system in Nepal, with special focus on the following: (i) developing and improving decentralized social service delivery programmes and mechanisms to deliver services and support to vulnerable families and families-in-crisis to prevent incidence of separated children. (ii) ensuring professional capacity and quality of services to meet the minimum standards of care for vulnerable children; (iii) developing and improving national level mechanisms to organize and manage child protection services, with an emphasis on governance of decentralized service delivery by the public and private sectors, and regulatory activities (licensing, registering and accreditation);

**Environmental Assessment**

**Project Processing Stage** Not Required  
*Approved by the Bank : 10 October 2007*

**Project Officer** Axel Weber (632-6724), Agriculture, Natural Resources and Social Services Div, SARD; [aweber@adb.org](mailto:aweber@adb.org)

### **Law, Economic Management & Public Policy/Economic Management**

**Project Name** Economic Policy Network II

**Project Type and ID** AOTA: NEP 39604-01

**Executing Agency** Ministry of Finance

**TA Amount (US\$ '000)** 500.00

**Date of First Listing** 24 July 2007

**Objectives and Scope** The TA will build on the progress with TA-4288-NEP and focus on establishing an institution with responsibilities to analyze the economic reform agenda of the Government and obtain consensus on the policy recommendations. It will ensure active participation of stakeholders in the public and private sectors, consensus on policy issues, and ownership of the policy recommendations and thus enhanced implementation of the Government's poverty reduction strategy will be achieved. A mechanism for participation of local and regional level stakeholders in the economic policy networking process will be established and provisions will be made for a sustainable informed policy making process. The TA will help the Government in (i) establishing an institution and a framework for demand driven economic policy dialogue; (ii) expanding the network for economic policy dialogue and analysis and information dissemination at the local and regional levels; (iii) providing assistance for policy research and analysis; and (iv) instituting a mechanism for monitoring and evaluation of the policy reform agenda and their impacts and (v) facilitating the adoption of modalities needed for its sustainability.

**Environmental Assessment** -

**Project Processing Stage** Fact-Finding Mission Completed : 23 August 2007

**Project Officer** Md Shahid Parwez (632-5515), Nepal Resident Mission; [msparwez@adb.org](mailto:msparwez@adb.org)

### **Transport & Communications /Civil Aviation**

**Project Name** **(R) Preparing the Civil Aviation Airport Development Project (formerly Civil Aviation Sector Development)**

**Project Type and ID** PPTA: NEP 38349-01

**Executing Agency** Ministry of Culture, Tourism and Civil Aviation

Mr. Bodh Raj Niroula; F: 00977-1-4227758; Email: [nbodhraj@yahoo.com](mailto:nbodhraj@yahoo.com), [motca@ntc.net.np](mailto:motca@ntc.net.np); P: 00977-1-4262020; Kathmandu, Nepal

**TA Amount (US\$ '000)** 750.00

**Date of First Listing** 4 October 2007

**Objectives and Scope** The objective of the TA is to conduct the preparation study to design a project which will address the deficiencies of civil aviation in general, including the development needs of international and regional airports; and air transport service in the country, in terms of safety and feasibility. It is also expected to facilitate private involvement in financing, ownership, operation, rehabilitation, maintenance and management of airports.

**Environmental Assessment** To Be Determined

**Project Processing Stage** Fact-Finding Mission Completed : 20 September 2007

**Project Officer** Meriaty Subroto (632-5992), Transport and Communications Division, SARD [msubroto@adb.org](mailto:msubroto@adb.org)

### **Water Supply, Sanitation & Waste Management /Water Supply & Sanitation**

**Project Name** **(N) Supporting Capacity Development for Water Services Operations and Public-Private Partnership in Kathmandu Valley**

**Project Type and ID** AOTA: NEP 41654-01

**Executing Agency** Ministry of Physical Planning and Works  
**TA Amount (US\$ '000)** 2,000.00  
**Date of First Listing** 30 October 2007  
**Objectives and Scope** The TA is an advisory technical assistance to assist the KUKL, KVWSMB and WSTFC in (i) starting up, initial capacity building and managing their operations and (ii) setting the adequate corporate structure and operational platforms for the operator company. The impact is improved health and well-being of the inhabitants of the Kathmandu Valley through efficient and adequate provision of water supply and sanitation services. The outcome is to foster and develop the appropriate operational, managerial and institutional capacity and framework for sustainable urban water supply and sanitation services in the Kathmandu Valley. Outputs of the TA will include the following: (i) start-up management support to KUKL, including establishment of a functional PMU; (ii) preparation and setting-up of the operational, accounting, quality control and management systems within KUKL for day to day service delivery and procurement of equipment and works; (iii) procurement of consultancies and civil works for the identified demonstration scheme and immediate rehabilitation and improvements works; (iv) preparation of plans and strategies, asset management and capital investment works, accounting and information system, operating guidelines and procedures, customer services and pro-poor services management strategies for KUKL; (v) assessment of organizational, capacity building and tariff reforms required for the Interim Period; (vi) implementation of the immediate rehabilitation and improvement works as well as the demonstration distribution network improvement component; and (vii) capacity building of the 3 new entities through trainings, workshops, seminars, benchmark studies, etc.

**Environmental Assessment**

**Project Processing Stage** Staff Review Committee Meeting: Nov 2007.  
**Project Officer** Gyongshim An (632-6133); Urban Development Division, SARD; [gyongshiman@adb.org](mailto:gyongshiman@adb.org)

**Water Supply, Sanitation & Waste Management/Water Supply & Sanitation**

**Project Name** (R) Preparing the Improved Water Quality, Sanitation, and Service Delivery in Emerging Towns Sector Development Program

**Project Type and ID** PPTA: NEP 41022-01

**Executing Agency** Department of Water Supply and Sewerage, Ministry of Physical Planning and Works

**TA Amount (US\$ '000)** 720.00

**Date of First Listing** 15 May 2007

**Objectives and Scope** The TA is expected to formulate a comprehensive design for a sector development program and specific outputs will consist of (i) revised urban water and sanitation sector policy and development plan, institutional assessment and policy matrix for proposed sector improvements; (ii) a feasibility study for integrated water supply and sanitation in emerging towns suitable for ADB financing which emphasizes inclusive development and responds to needs expressed by the community regarding priority infrastructure; and (iii) capacity development assistance for expediting project implementation and institutionalizing mechanisms for sustainable community-based infrastructure development. In order to ensure a far-reaching design for an ensuing sector development program, the TA has been structured to include 3 components: Component 1 will focus on strengthening policy and institutions, Component 2 will develop an infrastructure investment package and Component 3 will devise an action program to expedite implementation and increase the capacity of implementing bodies (Government, NGOs etc).

**Environmental**

Required

**Assessment**

**Project Processing Stage**

*Approved by the Bank : 28 September 2007*

**Project Officer**

Tatiana Gallego-Lizon (632-6416), Urban Development Division, SARD;  
[tgallegolizon@adb.org](mailto:tgallegolizon@adb.org)

**Multisector**

**Project Name**

**Rural Employment Generation Prog**

**Project Type and ID**

PPTA: NEP 41113-01

**Executing Agency**

Ministry of Finance

**TA Amount (US\$ '000)**

400.00

**Date of First Listing**

10 September 2007

**Objectives and Scope**

The proposed Project aims to improve the access of reliable institutional financial services for the development of rural small and micro enterprises for sustainable employment promotion along with interventions to provide immediate access to job opportunities for the rural unemployed and under-employed. Key focus areas are: (i) Self-employment through off-farm micro enterprises. This will include support for improved access to financial services (credit line) and enterprise development services for off-farm self-employment (micro and small businesses) promotion, especially for women and disadvantaged groups. The support includes enhanced access to microfinance through the microfinance apex organization - Rural Microfinance Development Centre (RMDC) and its partner microfinance institutions. Microfinance services will be packaged with business identification services, skills training and entrepreneurship development support. Capacity development for RMDC and microfinance institutions could also be supported. (ii) Cluster development. This will complement self-employment through off-farm micro enterprises by supporting private enterprises/businesses willing to develop linkages with cluster of micro enterprises. Such linkages will support access to improved technology and enhanced marketing reach. Support to private enterprises could include business identification, training, quality enhancement especially for export oriented businesses, and partnership with formal and semi-formal community based organizations. (iii) Overseas employment promotion. The component will aim to enhance increased job opportunities in overseas labor markets in a formal, transparent, and organized manner. The component comprises two potential intervention areas: (a) overseas employment facilitation through job identification, brokerage, consultations, linkage to financial services and orientation programs; and (b) access to finance for overseas employment through development of financial products and services by formal financial institutions (banks, microfinance banks, and finance companies) for affordable loans for overseas employment (brokerage fee) and remittance services.

**Environmental Assessment**

To Be Determined

**Project Processing Stage**

Fact-Finding Mission Completed : 4 June 2007

**Project Officer**

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