

## **CONCEPT PAPER FOR LENDING PRODUCT**

This appendix contain the concept paper for the following lending product.

- (i) Table A2.1: Road Network

**Table A2.1: Road Network  
Concept Paper**

**Date:** 01 June 2004

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p><input checked="" type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>								
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transportation and Communication Subsector: Roads and highways</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input checked="" type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
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<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>								
<p><b>4. Responsible division/department:</b> Transport and Communications Division/South Asia Department</p>								
<p><b>5. Responsible ADB officer:</b> Sri Widowati</p>								
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Although Bhutan has an extensive road network, many rural communities are still cut off from the road network and depend on animal and head-load transport. The main routes consist of the east-west highway and 4 north-south highways following major river valleys. The network connects all districts but some areas still can only be reached by horse, yak, or ox. More than 30% of gewogs are not connected to feeder roads, and another 30% are only partially connected to feeder roads. In this situation, farmers remain dependent on subsistence agriculture, with no access to markets, education, and health care services. There is a need to expand the existing network to promote domestic and international trade and to reach the rural poor. As a landlocked country, Bhutan will also benefit from regional links and cooperation with adjacent countries providing access to markets abroad.</p> <p><b>b. Goal and purpose:</b> Efficient transport and improved access in particular is one of the keys to economic development leading to reduction of poverty. Investment in roads is part of a continuing program to support the development of an integrated and balanced road network in the country. The project aims to improve the efficiency of the road sector institution, and increase the capacity and efficiency of the road network to promote economic growth, rural development, domestic and regional trade; and to reduce poverty.</p>								

**c. Components and outputs:** The project will support improvement of missing sections of the east-west highway, the north-south highway connecting to the border of India, and providing connections to remote and poorer target districts. The project will also continue ADB support in institutional reform through implementation of action plans, including capacity building of road agency, private sector development, and promoting establishment of a sustainable mechanism for road maintenance funding.

**d. Expected results and deliverables:** The expected results of the project include (i) increased access to neighboring countries, (ii) increased access to remote and isolated communities, (iii) increased domestic and international trade, and (iv) increased participation of private sector in road works.

**e. Social or environmental issues or concerns:** Social and environmental aspects will be properly addressed. Social aspect will be one of selection criteria of the roads to be provided. Environmental impact mitigation and land acquisition, if any, will be implemented and strictly monitored.

**f. Plans for disseminating results/deliverables:** The project will share results and lessons learned with stakeholders, development partners, and beneficiaries through appropriate media.

**7. Proposed executing/implementing agencies:** Department of Roads, Ministry of Works and Human Settlement

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** The conceptualization of the intervention is based on the 9FYP and road master plan developed/based on priorities proposed by districts and gewogs, and has been agreed upon with the Ministry of Communications.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: CSPU 2003
- b. Expected date of submission for approval
  - Lending: 2005
  - Nonlending (project preparatory): 2003
  - Nonlending (other than project preparatory): Not applicable
- c. Period and duration of assistance
  - Lending: 2006-2010
  - Nonlending: 2004

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$
  - Asian Development Fund: \$9.7 million
  - Other: \$

If cofinancing is required indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$, million)
ADB Financing	9.7 <sup>a</sup>
Government Financing	tbd
Other Financing	tbd
<b>Total Cost</b>	<b>6.7</b>

<sup>a</sup> \$3 million from subregional cooperation.

Source: Staff estimate.

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds:
  - Other: \$

If cofinancing is required indicate amount and sources sought: \$\_\_\_\_, from \_\_\_\_\_.

If known, provide cost estimates and financing arrangements.

<b>Source</b>	<b>Amount (\$)</b>
ADB Financing	
Government Financing	
Other Financing	
<b>Total Cost</b>	
Source:	

ADB = Asian Development Bank, CSP = country strategy and program, 9FYP = Ninth Five-Year Plan, RCSP = regional cooperation strategy and program, TA = technical assistance, tbd = to be determined.