

**ASIAN DEVELOPMENT BANK**

**COUNTRY STRATEGY AND PROGRAM UPDATE  
(2002-2004)**

**NEPAL**

**July 2001**

## CURRENCY EQUIVALENTS

(as of 30 June 2001)

Currency Unit	–	Nepalese Rupee/s (NRe/NRs)
NRs1.00	=	\$0.0134
\$1.00	=	NRs74.666

The Nepalese rupee is pegged to the Indian rupee (Re) at NRs1.60 to Re1.00 and is fully convertible on all current account transactions.

## ABBREVIATIONS

ADB	-	Asian Development Bank
ADF	-	Asian Development Fund
CSP	-	Country Strategy and Program
GDP	-	gross domestic product
IPF	-	indicative planning figure
IPRS	-	Interim Poverty Reduction Strategy
NRM	-	Nepal Resident Mission
PBA	-	performance-based allocation
TA	-	technical assistance

## NOTES

- (i) The fiscal year (FY) of the Government ends on 15 July. FY, before a calendar year denotes the year in which the fiscal year ends, e.g. FY2000 ends on 15 July 2000.
- (ii) In this report, "\$" refers to US dollars.

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## **I. DEVELOPMENT SITUATION**

### **A. Recent Political and Social Developments**

1. The deaths of members of the royal family on 1 June 2001 left the country in a state of shock and aggravated political tensions. Prior to that, political stability seemed to have been restored with the election of a majority Government led by the Nepali Congress Party in May 1999, but an internal rift within the party led to a change in Government after only nine months. The opposition party stalemated the functioning of the Lower House of Parliament in its 2001 winter session (February-March). Frequent political infighting and protests by the opposition continue to distract the Government from focusing on critical issues such as economic reform and growth, poverty reduction, and political violence. However, the Government continues to press for change through its Priority Reform Program, which addresses the civil service, economy, corruption, the private sector's role in the economy, decentralization, finance, agriculture, and energy.

2. Although the political violence is concentrated mostly in the mid-western and western regions, it is a serious problem and is escalating into other regions. Violence targeted at the Government also hinders delivery of basic services, and private sector activities. The Government has taken measures, including the possible use of armed police force, to control the law-and-order situation. To achieve the levels of sustained growth necessary to lift Nepal out of poverty, the country requires a concerted and sustained effort to stop violence and restore political stability.

### **B. Economic Performance Assessment and Outlook**

3. Gross domestic product (GDP) grew by 6.4 percent in FY2000, compared to 4.4 percent in the previous year (economic indicators are in Appendix 1). Domestic revenue collection remained at the previous year's level of less than 11 percent of GDP, although revenue collection increased by 21 percent. The budget deficit remained at 3.9 percent of GDP in FY2000 as a result of cutbacks in development expenditures to compensate for revenue shortfall. Broad money (M2) increased by about 22 percent in FY2000 compared with 21 percent in the previous year. Foreign grants and loans financed about 50 percent of development expenditures in FY2000, up from 46 percent in FY1999. Inflation declined to 3.5 percent in FY2000 from 11.3 percent in FY1999 as a result of the sharp decrease in food and beverage prices. The rate of inflation further declined to 2.2 percent on a point-to-point basis during the first nine months of FY2001, primarily because of the fall of agricultural prices. The current account deficit rose to 4.5 percent of GDP in FY2000, but was still below the average deficit of 8 percent during the 1990s. External debt declined to less than 48 percent of GDP, compared with nearly 51 percent of GDP in FY1999. Debt-service obligations also fell to 5.9 percent of exports because of concessional lending terms to Nepal.

4. The goal of the FY2001 budget was to reduce poverty. The budget was ambitious, with a total outlay of NRs91.6 billion (\$1.3 billion), representing an increase of 51 percent over the revised estimate of NRs60.7 billion (\$876 million) for FY2000. The fiscal deficit increased 35.3 percent during the first nine months of FY2001 compared with the same period in FY2000 because of high growth of expenditures, and revenue collection that was lower than projected. While total Government expenditures registered comparatively high growth of 23.3 percent during the first nine months of FY2001, revenue collection grew to 17.7 percent and foreign grants showed a 20.8 percent increase over the same period in FY2000. Increased exports led to a decline in the trade deficit to 5.0 percent on a point-to-point basis during the first nine

months of FY2001. Foreign exchange reserves remained sound at about \$1.4 billion during the first nine months of FY2001, sufficient to cover over 11 months of imports.

5. Nepal's medium-term economic success depends on the Government's ability to address the country's structural weaknesses particularly in finance, governance and institutions, aid use, and the fiscal deficit. With the majority of the country's poor depending on agriculture for their livelihood, the Government's continuing commitment to implement the Agriculture Perspective Plan is critical. Sustained medium-term improvement of the trade deficit will require substantial efforts to improve the institutional and policy environment to broaden export items and destinations. To reduce the country's dependence on foreign assistance for development expenditures, domestic resources must be continuously mobilized to reduce the fiscal deficit. The Government also must implement tax and financial sector reforms, privatize state-owned enterprises, and strengthen the capital market.

### **C. Implication for the Country Strategy and Program Update**

6. The stable macroeconomic situation will facilitate implementation of the Country Strategy and Program (CSP). The Government continues to implement its Priority Reform Program on a number of fronts. However, continuous political instability distracts the Government in its efforts. A peaceful resolution of political violence would bring stability to the country and allow the Government to solve critical development problems.

## **II. IMPLEMENTATION OF THE CSP**

### **A. Poverty Reduction**

7. About 42 percent of the population lives below the national poverty line of NRs4,400 (\$77) per capita per annum, which is based on minimum caloric intake, housing, and other nonfood standards (population, social, and environmental indicators are in Appendix 2). The Asian Development Bank's (ADB's) recent poverty analysis for Nepal shows that poverty incidence, intensity, and severity have not improved over the past quarter century, a finding mirrored in the country's human development indicator scores, which are lower than those of other South Asian countries. Inequalities across ecological zones, geographic regions, and the rural-urban divide remain wide, as do those across gender, ethnic, and caste lines.

8. The poverty analysis confirmed that poverty is much more prevalent, intense, and severe in rural areas, where poverty incidence (44 percent) is almost double that of urban areas (23 percent). The incidence of poverty in the mid- and far western development regions and in the mountain districts<sup>1</sup> greatly exceeds the national average. Gender-based exclusion in the country is pervasive and deep, with discrimination against women reducing their physical survival, health and educational opportunities, ownership of assets, mobility, and overall cultural status. Unless these trends are reversed, or the current population growth rate of 2.4 percent is lowered, poverty in Nepal may worsen. The poverty analysis identified a number of factors that contribute to poverty in Nepal, including (i) slow overall economic growth and rapid population growth, (ii) weak Government redistributive and institutional capacity, (iii) lack of any significant spillover effects of nonagricultural growth on the rural poor, (iv) low productivity and slow growth of output in agriculture, and (v) weak social and economic infrastructure (health, education, drinking water, transport, energy, land ownership, and land quality) leading to inadequate access of poor households to the means to escape poverty. A poverty reduction strategy must

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<sup>1</sup> Nepal is divided into the *terai* (flat plains), middle hills, and mountains.

improve performance in all these areas while directly improving poor households' access to resources.

9. Based on the results of the poverty analysis, the Government finalized its Interim Poverty Reduction Strategy in June 2001. The strategy intends to (i) help set priorities for the remainder of the Ninth Five-Year Plan (1998-2002), (ii) provide a framework to coordinate the poverty reduction efforts of various funders, and (iii) eventually be refined as the Tenth Five-Year Plan. The poverty analysis and proposed approach to poverty reduction in Nepal were discussed at the High-Level Forum on Poverty Reduction on 26 February 2001. The Forum generally supported the findings of the poverty analysis, including the severity of poverty in Nepal, the strategy for poverty reduction, and constraints to the strategy's implementation.

10. Priorities that emerged from the poverty analysis and the Forum included (i) broad-based growth by promoting employment and improving productivity, especially in agriculture, (ii) macroeconomic policies and reforms to support poverty reduction programs, (iii) social sector development, (iv) targeted programs for excluded groups, (v) improved public expenditure management, (vi) improved governance, and (vii) improved poverty assessment and monitoring. ADB's CSP update has been prepared based on ADB's 1999 Nepal Country Operational Strategy, the poverty analysis, and the views of the Forum, and seeks to focus on some of the key priorities identified. This CSP updates the country operational strategy and ADB's realigned country program for 2002-2004. A poverty reduction partnership agreement reflecting the CSP's key priorities will be signed with the Government by September 2001.

## **B. Thematic Priorities**

### **1. Economic Growth**

11. Achieving sustainable poverty reduction by generating jobs and increasing rural incomes through faster and broad-based economic growth remains a thematic priority. The poverty analysis and the Forum stressed the importance of improving the performance of agriculture, since it is the dominant sector, accounting for about 40 percent of GDP and about 73 percent of total employment. The sustainable growth of the sector will remain a prerequisite for economic development and poverty reduction. The Government is implementing its priority reform program, focusing on the macroeconomy and fiscal structure, private sector development, financial sector reform, decentralization, governance (including civil service reform), and other measures. ADB will support key elements of this program to contribute to improved sustainable economic growth.

### **2. Human Development**

12. Nepal ranked 144th out of 174 countries in the United Nations Development Programme's (UNDP's) 2000 *Human Development Report*. The people in the poorest regions of the country also have the lowest access to education and basic health services, and highest rates of infant mortality and child malnutrition. Poverty prevents many parents from sending their children to school and thus undermines efforts to promote human development. The current literacy rate among individuals age 6 and above is 38 percent (52 percent for men and 24 percent for women). However, only 20 percent of the poor are literate compared to 60 percent of those in the higher-income groups. Human development has significant gender differences. While 32 percent of poor men are literate, the literacy rate of poor women is 9 percent. Illiteracy, malnutrition, and disease reduce development and employment opportunities, worsening poverty. The major challenge facing Nepal remains how to overcome the low levels of human

development and high population growth rate. The quality of service delivery needs to be improved to increase the level of human capital. The Nepal program will continue to prioritize social development interventions to face these challenges.

### **3. Gender and Development**

13. Rural women in Nepal are deprived and severely underprivileged. Nepal ranks 119th among 143 countries in UNDP's 1998 gender development index. The maternal mortality rate of 539 per 100,000 live births is one of the highest in the Asia and Pacific region. Nepal's gender empowerment measure, which reflects women's participation in economic, political, and professional spheres, was 0.191 in 1996, well below the average of 0.367 for developing countries.<sup>2</sup> Gender disparity persists in educational attainment, health status, and participation in decision making. Disadvantaged castes and ethnic communities show higher levels of gender disparities in all areas. The Government has tried to close the gender gap as well as to improve the status of women through various development programs and activities funded by bilateral and multilateral funders. However, the results of these efforts are likely to remain limited unless the gender bias in the social system is reduced, if not eliminated.

14. The CSP, based on the poverty analysis and the Forum's identification of gender inequality as an acute problem, will continue to use an holistic approach to address systematically key constraints at the policy, institution, sector, and project levels. The gender strategy for Nepal includes (i) assistance to policy support, capacity building, and awareness raising; and (ii) gender analysis of proposed projects. ADB assistance will emphasize gender empowerment in the development process, consistent with ADB's policy on gender and development.<sup>3</sup> Interventions will enhance women's economic opportunities and status in agriculture, rural microfinance, nonformal education, and water supply and sanitation projects. Mainstreaming of gender issues and gender sensitization will be promoted at all levels and, in particular, through policy-based lending such as the proposed governance reform program. The CSP will focus on stakeholder empowerment to reduce women's poverty.

### **4. Good Governance**

15. The Forum stressed improved governance as a key element in Nepal's reform efforts. The Government's priorities, in addition to restoring law and order, are tackling corruption and improving governance and civil service reform. The pervasive role of the Government must also be reduced and its responsibilities decentralized. The civil service suffers from institutional and human resource weaknesses, compounded by frequent disruptive political changes. The civil service must become service-oriented and implement the Government's poverty reduction strategy in an environment free from political interference and the corruption that constrains delivery of essential services. Public financial management and resource mobilization need to be efficient and transparent, and to form an integrated system to link policy and planning to produce realistic budgets and development expenditure targets. The Government, with funding agency assistance, is introducing reforms in these areas, and ADB will continue to assist the Government governance reform program, including civil service reform and anticorruption efforts. ADB's policy dialogue with the Government, and the design and implementation of its sectoral projects will address decentralization, which is needed to bring development and poverty reduction planning and implementation closer to the intended beneficiaries. More projects must be implemented at the local level, with the full participation of local officials, civil

<sup>2</sup> The latest United Nations Development Program *Human Development Report* did not rank Nepal.

<sup>3</sup> R74-98: *Policy on Gender and Development*, 11 June 1998.

society, and local communities, to better target the poor and excluded groups and strengthen the decentralized agencies.

## **5. Private Sector Development**

16. The Forum supported ADB's previous focus on increasing the private sector's involvement in the Government's poverty reduction strategy. ADB's private sector operations will therefore continue to promote an enabling environment for private sector activities through public sector operations, and generate opportunities for private sector participation in public sector projects. ADB will continue to support the Government's efforts to establish transparent policies and basic mechanisms for corporate and financial governance, including for rural finance. Such efforts will require support for (i) streamlining legislative and regulatory frameworks; (ii) capacity building for regulation, supervision, and enforcement; and (iii) improve information disclosure and accounting and auditing standards.

## **6. Environmental Protection**

17. Nepal's natural resource base is under increasing pressure from high population growth and weak environmental custodianship.<sup>4</sup> The loss of natural resources has aggravated poverty and limits Nepal's economic growth potential. The Government recognizes the importance of sustainable environmental management and has an environmental policy and legal framework in place. But their implementation has not been effective. ADB will continue to help the Government strengthen environmental protection by focusing on urban and peri-urban environmental issues, including those affecting the Kathmandu Valley.

## **7. Regional Cooperation**

18. ADB is building on bilateral partnerships such as the South Asia Association for Regional Cooperation to further enhance growth potential through regional cooperation among Bangladesh, Bhutan, India, and Nepal. The strategy is to proceed first with project-level initiatives involving bilateral and trilateral linkages. ADB aims to address constraints identified under past regional cooperation initiatives and to continue consultations with governments and other stakeholders on the modalities for pursuing economic cooperation under the South Asia Subregional Economic Cooperation initiative. Potential areas of cooperation include multimodal transport and communication, energy (particularly hydropower development), trade and investment, natural resource use and environmental management, and tourism. Nepal is convening the transport and tourism sector working groups.

### **III. PORTFOLIO MANAGEMENT ISSUES**

#### **A. Portfolio Performance Implementation**

19. Since ADB started lending to Nepal in 1969, it has received 94 public sector loans for \$1.9 billion. By the end of 2000, 73 loans were closed and 21 (including 5 not yet effective) ongoing. In 2000, ADB approved four loans for \$173.3 million in the agriculture, social, and financial subsectors. Nine technical assistance (TA) grants (including two supplementary TAs) totaling \$7.3 million were approved. In 1997-2000, Nepal's disbursement performance (21.8, 28.0,

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<sup>4</sup> Soil erosion, deforestation, and degradation of the natural ecosystem and its biodiversity, together with air and water pollution and lack of proper sanitation and solid waste disposal in the urban areas, are among the country's major environmental problems.

21.2, and 37.0) exceeded the ADB-wide Asian Development Fund (ADF) average (17.9, 20.1, 18.8, and 20.2). Four private sector projects are active. The net amount of active loans as of 31 December 2000 was \$653.8 million, with a cumulative total of \$314.2 million in contracts awarded (48 percent of the net loan amount) and \$291.8 million disbursed (45 percent). In 2000, contract awards amounted to \$50.8 million and disbursements to \$91.4 million, or 95 and 94 percent of the respective targets. (Portfolio performance indicators are in Appendix 3.)

20. Transfers of key project staff are less frequent, leading to greater continuity in project implementation. Submission of audited accounts is generally satisfactory. The involvement of local groups and communities and greater attention paid to gender issues in development in ADB-supported projects have improved project impact. ADB thus emphasizes greater consultation with stakeholders and their participation in project formulation and implementation. The Government has also supported efforts to increase the participation and targeting of excluded groups, including women, in project activities.

21. In July-August 2000, the Nepal Resident Mission (NRM) led the first Joint Country Portfolio Performance Review of the development portfolio financed by ADB and the World Bank. During the Mission, a joint seminar highlighted generic portfolio performance issues and discussed measures to improve portfolio management. A joint memorandum of understanding summarized five key areas including (i) expediting recruitment of project implementation consultants, (ii) expediting procurement, (iii) strengthening project management (particularly staff recruitment, transfer and incentives), (iv) improving in financial management and governance, and (v) enhancing portfolio and project monitoring and evaluation with key performance indicators. The Joint Portfolio Review Mission also noted that projects must be properly designed to ensure quality at entry and minimize potential implementation problems such as construction quality and sustainability. The Government agreed to a time-bound action plan to improve portfolio performance. On 11 December 2000, NRM and the World Bank jointly reviewed the progress of the action plan and noted good progress in its implementation, and improvement in overall performance of ADB and World Bank portfolios. Four projects, or 19 percent of the projects in the ADB portfolio, are considered at risk (partially satisfactory or unsatisfactory), which is an improvement over past performance.

22. However, the Government's generally limited capability to deliver needed services, especially to the poor, was highlighted in the poverty analysis and at the Forum. The limited impact of development investments in reducing poverty levels are a result of, among other reasons, (i) the weak institutional capacity of Government agencies; (ii) poor governance; (iii) lack of implementation of the decentralization policy; and (iv) lack of involvement of civil society, the private sector, and beneficiaries in service delivery. The Government needs to eliminate these constraints to use development resources more effectively.

## **B. Counterpart Funding**

23. In recent years, shortage of counterpart funds has not been a problem in ADB operations in Nepal. In FY2001, no project received insufficient budgetary allocation. However, the low level of domestic savings continues to significantly constrain overall development efforts, and the Government must allocate adequate funds for operation and maintenance. ADB country portfolio review missions and policy dialogue for new projects are addressing this issue. ADB's program in Nepal includes a large proportion of agriculture and social infrastructure projects that have small foreign exchange components, so a high percentage of local cost financing is warranted, particularly for projects that address poverty, human development, gender, and environmental concerns.

### **C. Monitoring and Evaluation**

24. Project monitoring and evaluation need to be strengthened, particularly for projects with many subprojects scattered across remote districts. Poor quality of civil works, especially in remote areas, can adversely affect sustainability of development impacts. The National Planning Commission and executing agencies must improve their monitoring of development initiatives to ensure the sustainability of poverty reduction investments. In particular, the commission and agencies need to be proactive in monitoring project implementation and the performance of project managers. ADB's policy dialogue with the Government and the Country Portfolio Review Mission will continue to emphasize this point. Out of 37 postevaluated projects, 19 were generally successful (51 percent), 10 partially successful (27 percent), and 8 not successful (22 percent).

## **IV. COUNTRY PERFORMANCE AND LENDING LEVELS**

### **A. Lending Level Proposed**

25. Nepal's ADF allocation, based on the performance-based assessment (PBA) exercise, is \$83 million for 2002. The proposed lending program for 2002-2004 totals \$306 million, or an average of \$102 million per year, including overprogramming. This average is subject to change depending on the outcome of the PBA exercise in 2003 and 2004. The actual annual average ADF lending in 1994-2000 was \$94 million.

26. ADB discussed and agreed upon with the Government the PBA's country-specific criteria including (i) no further deterioration in the fiscal deficit; (ii) moderate progress in anticorruption measures; (iii) progress in establishing a fully functional computerized personnel information system to improve accountability and transparency of the civil service; (iv) progress in agriculture, power, and financial sector reforms; and (v) some progress in cost-effective portfolio management. Performance against these indicators will determine the base, high, and low ADF lending scenarios (Appendix 3, page 3). Poor performance would result in a low case lending scenario of up to 20 percent less than the base case, while good performance would trigger a high case lending scenario of up to 20 percent higher than the base case.

### **B. Loan Program**

27. The overarching objective of ADB's CSP is to achieve sustainable reduction in poverty through (i) job generation and increased rural incomes resulting from faster and broad-based pro-poor economic growth, (ii) equitable improvements in basic social services to enhance human development, and (iii) good governance. The poverty analysis findings, views expressed at the Forum, funding agency coordination consultations, and the Country Programming Mission's review of the 1999 Country Operational Strategy and subsequent country assistance plans were taken into account in preparing the CSP update. ADB will sharpen its focus to support a smaller number of key sectors in which ADB has been active and has a comparative advantage, although the sectors and projects in the program are generally similar to those in the previous strategy. The CSP will focus on up to seven sectors: (i) agriculture and rural development as the key sector; (ii) transport; (iii) energy; (iv) finance; (v) education (including nonformal education); (vi) water supply, sanitation, and urban development; and (vii) environmental management. When appropriate, program projects will be designed to target excluded groups to reduce poverty and inequality. The strategic approach of the program will continue to emphasize institutional strengthening.

28. The proposed lending program in 2002-2004 consists of 12 projects totaling \$306 million (Appendix 4). The proposed program is consistent with the strategic thrust of the proposed CSP, emphasizing poverty reduction. Core poverty and poverty intervention projects constitute 75 percent of the total program in 2002-2004. Actual resource allocation will depend on performance measured by the PBA common criteria, including portfolio performance, and country-specific criteria.

### **C. Technical Assistance and Economic and Sector Work Program**

29. The TA program focuses on (i) institutional strengthening and capacity building needed to develop more effective sectoral institutions, (ii) the strategic approach of the proposed CSP, and (iii) project preparation. The TA program for 2002-2004 includes 24 TAs with a total value of \$15.8 million, including overprogramming. The indicative planning figure (IPF) of the TA program is envisaged to average about \$4 million annually and will be supported with cofinancing resources.

30. The economic and sector work program forms the basis for ADB's support of policy reform, capacity building, and institutional strengthening in Nepal. Six recently conducted or planned studies—an assessment of the progress of the Agriculture Perspective Plan, management reforms and efficiency improvements in the Nepal Electricity Authority, an urban sector study, a transport sector strategy, a livestock sector study, and an irrigation sector analysis—will provide guidelines for future ADB interventions in the agriculture, energy, transport, and urban development sectors. Governance in the public and private sectors is also a key area for the economic and sector work program. A country risk analysis will also be undertaken in 2001. The economic and sector work program for 2002-2004 is in Appendix 5. Project selection briefs and TA concept papers are in Appendix 6.

### **D. Summary of Changes**

31. In the 2002 loan program, the community-based water supply and sanitation project has been deferred to 2003, and the information and communication technology for financial services project has been added. In 2003, the watershed management and rehabilitation project has been dropped from the 2003 loan program, and projects for women empowerment and integrated agriculture development added.

## APPENDIXES

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## ECONOMIC INDICATORS

Item	1995	1996	1997	1998	1999	2000 <sup>a</sup>
<b>A. Income</b>						
1. GDP per Capita (\$, current prices)	219.0	220.0	234.0	226.0	228.0	244.0
2. GDP Growth (%)	2.7	5.6	4.9	3.3	4.4	6.4
Agriculture	-0.3	4.4	4.1	1.0	2.7	5.0
Industry	4.0	8.3	6.4	2.3	6.0	8.7
Services	6.0	5.8	4.6	6.4	5.6	6.6
<b>B. Saving and Investment</b>						
			(percent of GDP)			
1. National Saving	17.4	15.6	16.0	16.2	17.2	19.3
2. Domestic Investment	25.2	27.3	25.3	24.8	20.5	23.7
<b>C. Money and Inflation</b>						
			(annual percent change)			
1. Consumer Prices	7.6	8.1	8.1	8.4	11.3	3.5
2. Money Supply (M2)	16.1	14.4	11.9	21.9	20.9	21.8
<b>D. Government Finance</b>						
			(percent of GDP)			
1. Revenue (including grants)	12.5	12.7	12.7	12.3	11.6	12.3
2. Expenditure (including net lending)	16.1	17.1	16.5	16.9	15.5	16.1
3. Overall Surplus/Deficit (-)	-3.6	-4.4	-3.9	-4.6	-3.9	-3.9
<b>E. Balance of Payments</b>						
1. Merchandise Trade Balance (% of GDP)	-21.0	-22.0	-25.3	-20.5	-15.2	-14.6
2. Current Account Balance (% of GDP)	-7.8	-11.7	-9.4	-8.7	-3.4	-4.5
3. Export (\$) growth (%)	-9.7	1.9	10.2	11.9	18.2	42.4
4. Import (\$) growth (%)	21.7	5.8	21.7	-12.4	-10.3	20.2
<b>F. External Payments Indicators</b>						
1. International Reserves (\$ million)	699.0	606.0	647.0	712.0	791.0	981.0
(months of import of goods and services)	5.5	4.5	4.2	5.2	6.3	6.7
2. Debt-Service Ratio	5.6	6.0	4.5	6.1	6.1	5.9
3. External Debt (% of GDP)	55.0	50.3	53.5	53.8	50.9	47.5
<b>G. Memorandum Items</b>						
1. GDP at Market Prices (NRs millions)	219,975.0	248,913.0	280,513.0	300,845.0	342,095.0	379,314.0
2. Gross National Product (NRs millions)	223,992.0	252,479.0	285,173.0	306,870.0	352,976.0	392,376.0
3. Average Exchange Rate (NRs per \$)	50.0	55.2	57.0	61.9	67.9	69.0
4. Midyear Population (millions)	20.1	20.5	21.0	21.5	22.0	22.6

<sup>a</sup> Preliminary estimates.

GDP = gross domestic product.

Table A2.1: Social Indicators

Item	1985	1990	Latest Year
<b>A. Population Indicators</b>			
Total Population (millions)	16.2	17.9	22.6 (2000)
Annual Population Growth Rate (% change)	2.1	2.1	2.4 (1999)
<b>B. Social Indicators</b>			
Total Fertility Rate (births per woman)	5.3 (1981)	5.1 (1991)	4.6 (1996)
Maternal Mortality Rate (per hundred thousand live births)	—	—	539 (1990-1996)
Infant Mortality Rate (below 1 year; per '000 live births)	156 (1974)	128	75 (1998)
Life Expectancy at Birth (years)	45	54	58 (1998)
Female	45	53	58 (1998)
Male	48 (1981)	55	58 (1998)
Adult Literacy (% of age 10 and above)	24 (1981)	40 (1991)	38 (1996)
Primary School Enrollment (% of children age 6-10)	75	103	114 (1995)
Female	47	77	94 (1995)
Secondary School Enrollment (% of children age 11-13)	25	31	48 (1995)
Female	12	18	36 (1995)
Child Malnutrition (% of under age 5)	—	70 (1989-1995)	47 (1990-1998)
Population Below Poverty Line (%)	—	—	42 (1996)
Income Ratio of Highest 20% to Lowest 20%	4.3 (1984-1985)	—	5.9 (1987-1998)
Population with Access to Safe Water (%)	28 (1980-1985)	—	71 (1987-1998)
Population with Access to Sanitation (%)	—	—	16 (1990-1998)
Public Education Expenditure as % of GNP	1.7	1.7	2.3 (2000)
Public Health Expenditure as % of GDP	0.8	0.7	0.9 (2000)
Human Development Index	0.27 (1987)	0.17	0.474 (1998)
Human Development Ranking	114 (1987)	152	144 (1998)

— = not available, GNP = gross national product, GDP = gross domestic product.

Sources: Asian Development Bank *Women in Nepal*; United Nations Development Programme (UNDP), *Human Development Report 2000*; Ministry of Finance, *Economic Survey 1999-2000*; Nepal South Asia Centre, *Nepal Human Development Report 1998*.

Table A2.2: Environment Indicators

Item	1980	Latest
<b>A. Energy Efficiency of Emissions</b>		
GDP per Unit of Energy Use (1995 \$/kg oil equivalent)	1.5	3.7 (1997)
Traditional Fuel Use (percent of total energy use)	94.2	90.9 (1996)
Carbon Dioxide Emissions (total metric tons)	0.5	1.6 (1996)
Carbon Dioxide Emissions (per capita metric tons)	0.0	0.1 (1996)
<b>B. Water Pollution</b>		
Emissions of Organic Water Pollutants (kg/day)	18,692.0	32,544.0 (1996)
Industry Share of Emissions of Organic Water Pollutants		
Wood (%)		1.7 (1997)
Primary Metals (%)		1.5 (1997)
Pulp and Paper (%)		8.1 (1997)
Chemical (%)		3.9 (1997)
Food and Beverages (%)		43.3 (1997)
Textiles (%)		39.3 (1997)
<b>C. Land Use and Deforestation</b>		
Forest Area (thousand km <sup>2</sup> )	64.0 (1964)	48.0 (1996)
Average Annual Deforestation (km <sup>2</sup> )		548.0 (1990-1995)
Average Annual Deforestation (% change)		1.1 (1990-1995)
Rural Population Density (people per km <sup>2</sup> of arable land)		668.0 (1996)
Arable Land (% of land area)	16.0	20.3 (1997)
Permanent Cropland (% of land area)	0.2	0.5 (1997)
<b>D. Biodiversity and Protected Areas</b>		
Nationally Protected Areas ('000 km <sup>2</sup> )		11.1 (1996)
Percent of Total Land Area		7.8 (1996)
Mammals (number of threatened species)		28.0 (1996)
Birds (number of threatened species)		27.0 (1996)
Higher Plants (number of threatened species)		20 (1997)
Reptiles (number of threatened species)		5.0 (1996)
Amphibians (number of threatened species)		0.0 (1996)
<b>E. Urban</b>		
Urban Population (millions)	0.9	2.6 (1998)
Percentage Urban	7.0	11.0 (1998)
Per Capita Water Use (l/day) - Kathmandu		80.0
Wastewater Treated (%) - Kathmandu		0.0
Per Capita Solid Waste Generation (g/day) - Kathmandu		0.5 (1994 est.)
<b>F. Air Pollution - ranges of 24 hour averages (1993)</b>		
City Population ('000) - Kathmandu Valley	363.5	661.8 (1993) <sup>a</sup>
Total Suspended Particulates (micrograms per m <sup>3</sup> )		87-430.0 (1993) <sup>b</sup>
Lead		0.18-0.53 (1993) <sup>c</sup>
Sulfur Dioxide (micrograms per m <sup>3</sup> )		17-77.0 (1993) <sup>b</sup>
Nitrogen Dioxide (micrograms per m <sup>3</sup> )		11-49.0 (1993) <sup>b</sup>

est. = estimate, g = gallons, GDP = gross domestic product, kg = kilogram, km<sup>2</sup> = sq. kilometer, l = liters, m<sup>3</sup> = cubic meter.

<sup>a</sup> 598.5 unadjusted.

<sup>b</sup> 13 sites in the Kathmandu Valley.

<sup>c</sup> 9 sites in the Kathmandu Valley.

Sources: *A Compendium on Environment Statistics 1998 - NEPAL*, Kathmandu; *2000 World Development Indicators*, World Bank; *1998-1999 World Resources: A Guide to the Global Environment*; RETA 5555: *Data on Environmental Indicators for Participating DMCs*; *Human Development Report 2000*.

## ADB PORTFOLIO PERFORMANCE

**Table A3.1: Implementation, Disbursement Performance and Postevaluation Results of Public Sector Projects**  
(as of 31 December 2000)

A. Project Portfolio	Net Loan Amount		Rating (No.)									
			Total		Implementation Progress				Development Objectives			
			\$ million	%	No.	%	HS	S	PS	U	HS	S
Agriculture and Natural Resources	201.2	31	11	52	0	9	2	0	1	8	2	0
Energy	195.6	30	2	10	0	1	1	0	0	2	0	0
Finance and Industry	7.4	1	1	5	0	1	0	0	0	1	0	0
Social Infrastructure	193.9	29	5	24	0	5	0	0	0	5	0	0
Transport and Communications	59.7	9	2	10	0	2	0	0	0	2	0	0
Others/Multisector	0.0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>657.9</b>	<b>100</b>	<b>21</b>	<b>100</b>	<b>0</b>	<b>18</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>18</b>	<b>2</b>	<b>0</b>

  

B. Disbursements	OCR	ADF	Total
Total funds available for withdrawal (\$ mn, active loans only)	0	435.9	435.9
Disbursed amount (\$ mn, cumulative, active loans only)	0	291.9	291.9
Percentage disbursed [(2)/(1)] (%)	0	67.0	67.0
Disbursements (\$ mn, latest year only)	0	91.4	91.4
Disbursement ratio (%) <sup>a</sup>	0	37.0	37.0

  

C. Net Transfer of Resources <sup>b</sup> (\$ million)	OCR	ADF	Total
Net transfer in 1995	-0.1	37.7	37.7
Net transfer in 1996	6.4	49.4	55.8
Net transfer in 1997	4.1	78.1	82.2
Net transfer in 1998	13.2	84.1	97.3
Net transfer in 1999	5.0	45.9	50.9
Net transfer in 2000	3.2	64.4	67.6

  

D. Post-Evaluated Projects (by year of PPAR circulation)											1996-2000	
	1. Postevaluation Rating (As of 31 December 2000)										No.	%
Highly Successful											1	8.3
Successful											4	33.3
Partly Successful											5	41.7
Unsuccessful											2	16.7
No Rating											0	0.0
<b>Total</b>											<b>12</b>	<b>100.0</b>

  

2. Postevaluation Rating by Sector (as of 31 December 2000)	Highly Successful		Successful		Partly Successful		Unsuccessful		No Rating		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
	Agriculture and Natural Resources	0	0.0	1	25.0	3	60.0	1	50.0	0	0.0	5
Energy	0	0.0	2	50.0	0	0.0	1	50.0	0	0.0	3	25.0
Finance and Industry	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Social Infrastructure	0	0.0	0	0.0	1	20.0	0	0.0	0	0.0	1	8.3
Transport and Communications	1	100.0	1	25.0	0	0.0	0	0.0	0	0.0	2	16.7
Others/Multisector	0	0.0	0	0.0	1	20.0	0	0.0	0	0.0	1	8.3
<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>4</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>12</b>	<b>100.0</b>

ADF = Asian Development Fund, HS = highly successful, mn = million, NR = no rating, OCR = ordinary capital resources, PPAR = project performance audit report, PS = partly successful, S = successful, US = unsuccessful.

<sup>a</sup> Ratio of disbursement during the year over the undisbursed net loan balance less cancellations at the beginning of the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.

<sup>b</sup> Excludes equity investment operations.

Source : Programs (A), CTD (B & C), OEO (D)

**Table A3.2: Status of Project Implementation  
Public Sector Projects  
(as of 31 December 2000)**

Sector	Loan No.	Project Title	Net Loan Amount		Approval	Effectivity	Closing Date		Physical	Cum Contract	Cumulative	Project Performance Rating	
			OCR (\$ million)	ADF (\$ million)	Date (mm/yy)	Date (mm/yy)	Original (mm/yy)	Revised (mm/yy)	Progress (% complete)	Awards (\$ million)	Disbursement (\$ million)	Implement Progress	Development Objective
AGR	1113	Rajapur Irrigation Rehabilitation	0	16.620	Oct-91	Apr-92	Jun-98	Dec-00	99	15.272	15.40	S	S
AGR	1114	Upper Sagarmatha Agricultural Development	0	12.164	Oct-91	May-92	Jun-00	—	80	9.149	8.590	PS	PS
AGR	1237	Microcredit for Women	0	3.759	Jun-93	Dec-93	Jun-00	—	95	3.430	3.658	S	HS
AGR	1311	Irrigation Management Transfer	0	11.837	Sep-94	Jun-95	Jun-02	—	50	4.898	3.419	S	S
AGR	1437	Second Irrigation Sector	0	22.852	May-96	Sep-96	Dec-02	—	70	15.442	15.511	S	S
AGR	1450	Rural Infrastructure Development	0	11.113	Jun-96	Sep-96	Jun-03	—	49	4.964	4.816	S	S
AGR	1461	Third Livestock Development	0	15.775	Sep-96	Mar-97	Jul-03	—	35	5.452	4.665	S	S
AGR	1604	Second Agriculture Program	0	48.881	Jan-98	Mar-98	Dec-00	—	—	48.881	48.881	S	S
AGR	1609	Community Groundwater Irrigation Sector	0	28.567	Feb-98	Mar-99	Jul-05	—	2	0.664	1.114	S	S
AGR	1650	Rural Microfinance	0	18.520	Dec-98	May-99	Jun-05	—	1	0.143	0.395	PS	PS
AGR	1778	Crop Diversification	0	11.109	Nov-00	—	Dec-07	—	—	—	—	S	S
		<b>Subtotal</b>		<b>201.197</b>					—	<b>108.295</b>	<b>106.449</b>	S	S
F&I	1811	Corporate and Financial Governance	0	7.434	Dec-00	—	Jun-05	—	—	—	—	S	S
		<b>Subtotal</b>		<b>7.434</b>					—	—	—		
SOC	1451	Second Tourism Development	0	14.316	Jul-96	Dec-96	Dec-01	—	56	8.954	5.398	S	S
SOC	1464	Fourth Rural Water Supply & Sanitation Sector	0	18.510	Sep-96	Jan-97	Jun-02	—	89	17.423	18.160	S	S
SOC	1640	Melamchi Water Supply (Engineering)	0	4.831	Nov-98	Apr-99	Dec-00	Jun-01	83	4.517	3.674	S	S
	1555	Small Towns Water Supply and Sanitation	0	34.721	Sep-00	—	Dec-06	—	4	—	—	S	S
SOC	1820	Melamchi Water Supply	0	121.500	Dec-00	—	Mar-07	—	3	—	—	S	S
		<b>Subtotal</b>		<b>193.878</b>					—	<b>30.894</b>	<b>27.232</b>		
ENE	1452	Kali Gandaki "A" Hydroelectric Power	0	148.447	Jul-96	Dec-96	Jul-01	—	70	123.784	110.335	PS	S
ENE	1732	Rural Electrification, Distribution & Transmission	0	47.182	Dec-99	—	Jun-05	—	—	—	—	S	S
		<b>Subtotal</b>		<b>195.629</b>					—	<b>123.784</b>	<b>110.335</b>		
T&C	1377	Third Road	0	34.987	Sep-95	Jan-96	Jun-01	—	99	33.413	32.740	S	S
T&C	1512	Tribhuvan International Airport Improvement	0	24.740	Jan-97	Jul-97	Dec-01	—	81	20.316	15.176	S	S
		<b>Subtotal</b>		<b>59.727</b>						<b>53.729</b>	<b>47.916</b>		
		<b>Total</b>	<b>0</b>	<b>657.865</b>						<b>316.702</b>	<b>291.932</b>		

— = not available, ADF = Asian Development Fund, AGR = agriculture and natural resources, ENE = energy, F&I = finance and energy, HS = highly satisfactory, mm = month, OCR = ordinary capital resources, PS = partially satisfactory, S = satisfactory, SOC = social infrastructure, T&C = transport and communications, U = unsatisfactory, yy = year.  
Note: Excluding loans closed in 2000 with disbursements of \$1.224 million and cumulative disbursements of \$27.618 million.

**Table A4.1: Country Performance Assessment  
Specific Criteria and Triggers**

Low Case	Base Case	High Case
<ul style="list-style-type: none"> <li>Further deterioration in fiscal deficit</li> </ul>	<ul style="list-style-type: none"> <li>No further deterioration in fiscal deficit</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in fiscal deficit</li> </ul>
<ul style="list-style-type: none"> <li>Unsatisfactory progress in anticorruption measures</li> <li>Unsatisfactory establishment of a fully functional computerized civil service personnel information system</li> </ul>	<ul style="list-style-type: none"> <li>Moderate progress in anticorruption measures</li> <li>Progress in establishing a fully functional computerized civil service personnel information system to improve accountability and transparency of the civil service</li> </ul>	<ul style="list-style-type: none"> <li>Satisfactory progress in anticorruption measures</li> <li>Linking the payroll with a fully functional computerized civil service personnel information system leading a performance-based compensation scheme</li> </ul>
<ul style="list-style-type: none"> <li>Unsatisfactory progress in agriculture, power, and financial sector reforms.</li> </ul>	<ul style="list-style-type: none"> <li>Progress in agriculture, power, and financial sector reforms               <ul style="list-style-type: none"> <li>Completion of privatization of the Agriculture Inputs Corporation</li> <li>Introduction of three nontariff loan effectiveness conditions and passage of a second-stage tariff increase for the Nepal Electricity Authority</li> <li>Tabling of five Corporate and Financial Governance bills (including Nepal Rastra Bank Act) in Parliament</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Satisfactory progress in agriculture, power, and financial sector reforms</li> </ul>
<ul style="list-style-type: none"> <li>Unsatisfactory portfolio management</li> </ul>	<ul style="list-style-type: none"> <li>Some progress in cost-effective portfolio management through (i) sustained reduction of problem projects, (ii) improved disbursement ratio, (iii) overall compliance with loan covenants, and (iv) timely submission of auditor's reports acceptable to the Asian Development Bank</li> </ul>	<ul style="list-style-type: none"> <li>Satisfactory progress in cost-effective portfolio management</li> </ul>

## LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM FOR 2002-2004

Table A4.2: Lending Program for 2002-2003

Sector/Project Name	Poverty Classification	Thematic Priority	Year of PPTA	Total Project Cost	Project Cost Financing (\$ million)					
					ADB			Govt	Cofinancing	
					OCR	ADF	Total			
<b>2002 Loan Pipeline</b>										
<b>Agriculture and Natural Resources</b>										
1 Second Rural Infrastructure Sector Development	CPI	HD/GAD	2001	25.0	0.0	20.0	20.0	5.0	0.0	
<b>Subtotal</b>				<b>25.0</b>	<b>0.0</b>	<b>20.0</b>	<b>20.0</b>	<b>5.0</b>	<b>0.0</b>	
<b>Social Infrastructure</b>										
2 Urban and Environment Improvement	PI	ENV	1999	37.5	0.0	30.0	30.0	7.5	0.0	
3 Secondary Education II	PI	GAD/HD	2000	25.0	0.0	20.0	20.0	5.0	0.0	
<b>Subtotal</b>				<b>62.5</b>	<b>0.0</b>	<b>50.0</b>	<b>50.0</b>	<b>12.5</b>	<b>0.0</b>	
<b>Finance</b>										
4 Improving Financial Service Delivery through Information and Communication Technology	NC	PSD	2000	25.0	0.0	20.0	20.0	5.0	0.0	
<b>Subtotal</b>				<b>25.0</b>	<b>0.0</b>	<b>20.0</b>	<b>20.0</b>	<b>5.0</b>	<b>0.0</b>	
<b>Total</b>				<b>112.5</b>	<b>0.0</b>	<b>90.0</b>	<b>90.0</b>	<b>22.5</b>	<b>0.0</b>	
<b>2002 Standby Loan</b>										
<b>Agriculture and Natural Resources</b>										
1 Third Irrigation Project	PI	ECO	2001	37.5	0.0	30.0	30.0	7.5	0.0	
<b>2003 Firm Loans</b>										
<b>Agriculture and Natural Resources</b>										
1 Third Irrigation Project	PI	ECO	2001	37.5	0.0	30.0	30.0	7.5	0.0	
2 Women Empowerment	CPI	GAD	2002	12.5	0.0	10.0	10.0	2.5	0.0	
3 Integrated Agriculture Development	CPI	GAD	2002	25.0	0.0	20.0	20.0	5.0	0.0	
<b>Subtotal</b>				<b>75.0</b>	<b>0.0</b>	<b>60.0</b>	<b>60.0</b>	<b>15.0</b>	<b>0.0</b>	
<b>Social Infrastructure</b>										
4 Community-Based Water Supply and Sanitation Sector	PI	GAD/HD	2002	37.5	0.0	30.0	30.0	7.5	0.0	
5 Nonformal Education for Women	CPI	GAD	2002	25.0	0.0	20.0	20.0	5.0	0.0	
<b>Subtotal</b>				<b>62.5</b>	<b>0.0</b>	<b>50.0</b>	<b>50.0</b>	<b>12.5</b>	<b>0.0</b>	
<b>Total</b>				<b>137.5</b>	<b>0.0</b>	<b>110.0</b>	<b>110.0</b>	<b>27.5</b>	<b>0.0</b>	

ADF = Asian Development Fund, CPI = core poverty intervention, ECO = economic growth, ENV = environmental protection, GAD = gender and development, Govt = government, HD = human development, NC = not classified, PI = poverty intervention, PPTA = project/program preparatory technical assistance, PSD = private sector development.

**Table A4.3: Lending Program for 2004**

Sector/Project Name	Poverty Classification	Thematic Priority	Year of PPTA	Total Project Cost	Project Cost Financing (\$ million)					
					ADB			Govt	Cofinancing	
					OCR	ADF	Total			
<b>2004 Firm Loans</b>										
<b>Social Infrastructure</b>										
1 Kathmandu Valley Urban Improvement	PI	ENV	2003	45.0	0.0	36.0	36.0	9.0	0.0	
<b>Subtotal</b>				<b>45.0</b>		<b>36.0</b>	<b>36.0</b>	<b>9.0</b>	<b>0.0</b>	
<b>Finance</b>										
2 Financial and Private Sector Development Program	NC	ECO	2003	25.0	0.0	20.0	20.0	5.0	0.0	
<b>Subtotal</b>				<b>25.0</b>		<b>20.0</b>	<b>20.0</b>	<b>5.0</b>	<b>0.0</b>	
<b>Transport and Communication</b>										
3 Subregional Roads Connection	NC	RC	2003	62.5	0.0	50.0	50.0	12.5	0.0	
<b>Subtotal</b>				<b>62.5</b>		<b>50.0</b>	<b>50.0</b>	<b>12.5</b>	<b>0.0</b>	
<b>Total</b>				<b>132.5</b>		<b>106.0</b>	<b>106.0</b>	<b>26.5</b>	<b>0.0</b>	
<b>2004 Standby Loans</b>										
<b>Agriculture and Natural Resources</b>										
1 Smallholder Livestock Development	CPI	GAD	2003	25.0	0.0	20.0	20.0	5.0	tbd	

ADF = Asian Development Fund, CPI = core poverty intervention, ECO = economic growth, ENV = environmental protection, GAD = gender and development, Govt = government, NC = not classified, PI = poverty intervention, PPTA = project/program preparatory technical assistance, PSD = private sector development, RC = regional cooperation, tbd = to be determined.

## LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM FOR 2002-2004

Table A4.4: Technical Assistance Program for 2002-2003

Sector/Project Name	Type of TA	Amount (\$'000)		
		ADB	Others	Total
<b>2002 Technical Assistance Pipeline</b>				
<b>Agriculture and Natural Resources</b>				
1. Institutional Strengthening of Dept. of Local Infrastructure & Roads	ADTA	0	400	400
2. Institutional Strengthening for Rural Finance Institutions	ADTA	0	400	400
3. Women Empowerment	PPTA	800	0	800
4. Integrated Agricultural Development	PPTA	800	0	800
<b>Subtotal</b>		<b>1,600</b>	<b>800</b>	<b>2,400</b>
<b>Social Infrastructure</b>				
1. Community-Based Water Supply and Sanitation Sector	PPTA	800	0	800
2. Nonformal Education for Women	PPTA	800	0	800
3. Capacity Building for Teacher Education	ADTA	500	0	500
<b>Subtotal</b>		<b>2,100</b>	<b>0</b>	<b>2,100</b>
<b>Energy</b>				
1. Power Sector Reform and Restructuring	ADTA	0	600	600
<b>Subtotal</b>		<b>0</b>	<b>600</b>	<b>600</b>
<b>Finance</b>				
1. Support for the Focal Point for Financial Sector Reforms	ADTA	150	0	150
<b>Subtotal</b>		<b>150</b>	<b>0</b>	<b>150</b>
<b>Total</b>		<b>3,850</b>	<b>1,400</b>	<b>5,250</b>
<b>2003 Technical Assistance Pipeline</b>				
<b>Agriculture and Natural Resources</b>				
1. Rural Finance Development	PPTA	800	0	800
2. Smallholder Livestock Development	PPTA	800	0	800
<b>Subtotal</b>		<b>1,600</b>	<b>0</b>	<b>1,600</b>
<b>Transport and Communications</b>				
1. Second Road Network Development Project	PPTA	800	0	800
2. Subregional Roads Connection	PPTA	0	800	800
<b>Subtotal</b>		<b>800</b>	<b>800</b>	<b>1,600</b>
<b>Finance</b>				
1. Financial and Private Sector Development	ADTA	150	0	150
<b>Subtotal</b>		<b>150</b>	<b>0</b>	<b>150</b>
<b>Social Infrastructure</b>				
1. Tourism Sector Review	ADTA	150	0	150
2. Kathmandu Valley Urban Improvement	PPTA	800	0	800
<b>Subtotal</b>		<b>950</b>	<b>0</b>	<b>950</b>
<b>Others</b>				
1. Capacity Building for Environmental Improvement	ADTA	500	0	500
<b>Subtotal</b>		<b>500</b>	<b>0</b>	<b>500</b>
<b>Total</b>		<b>4,000</b>	<b>800</b>	<b>4,800</b>

ADB = Asian Development Bank, ADTA = advisory technical assistance, PPTA = project/program preparatory, TA = technical assistance.

Note : Although the proposed TA program has been generally agreed upon by management, ADB financing may be subject to further reprioritization to fit in with the ADB-wide annual resource envelope.

**Table A4.5: Technical Assistance Program for 2004**

Sector/Project Name	Type of TA	Amount (\$'000)		
		ADB	Others	Total
<b>2004 Technical Assistance Pipeline</b>				
<b>Agriculture and Natural Resources</b>				
1. Irrigation Management Transfer II	PPTA	800	0	800
2. Crop Diversification II	PPTA	800	0	800
3. Community Groundwater Irrigation Sector Development Phase II	PPTA	0	800	800
<b>Subtotal</b>		<b>1,600</b>	<b>800</b>	<b>2,400</b>
<b>Energy</b>				
1. Rural Renewable Energy	PPTA	800	0	800
<b>Subtotal</b>		<b>800</b>	<b>0</b>	<b>800</b>
<b>Social Infrastructure</b>				
1. Community-Based Water Supply and Sanitation Sector II	PPTA	800	0	800
2. Education Sector Development	PPTA	600	0	600
<b>Subtotal</b>		<b>1,400</b>	<b>0</b>	<b>1,400</b>
<b>Others</b>				
1. Support for the Analysis of Agriculture Census	ADTA	0	600	600
<b>Subtotal</b>		<b>0</b>	<b>600</b>	<b>600</b>
<b>Total</b>		<b>3,800</b>	<b>1,400</b>	<b>5,200</b>

ADB = Asian Development Bank, ADTA = advisory technical assistance, PPTA = project/program preparatory, TA = technical assistance.

Note : Although the proposed TA program has been generally agreed upon by management, ADB financing may be subject to further reprioritization to fit in with the ADB-wide annual resource envelope.

Table A4.6: Firm Lending Program, 2002-2004

Classification	2002		2003—2004	
	No.	%	No.	%
<b>A. By Poverty Classification</b>				
1. Core Poverty Intervention	1	25	3	38
2. Poverty Intervention (Noncore)	2	50	3	38
3. Not Classified	1	25	2	24
<b>Total</b>	<b>4</b>	<b>100</b>	<b>8</b>	<b>100</b>
<b>B. By Crosscutting Operational Priority <sup>a</sup></b>				
1. Economic Growth	0	0	2	20
2. Environmental Protection	1	17	1	10
3. Gender and Development	2	33	5	50
4. Good Governance	0	0	0	0
5. Human Development	2	33	1	10
6. Private Sector Development	1	17	0	0
7. Regional Cooperation	0	0	1	10
<b>Total</b>	<b>6</b>	<b>100</b>	<b>10</b>	<b>100</b>
<b>C. By Sector</b>				
1. Agriculture and Natural Resources	1	25	3	38
2. Energy	0	0	0	0
3. Finance and Industry	1	25	1	13
4. Social Infrastructure	2	50	3	38
5. Transport and Communications	0	0	1	13
6. Others/Multisector	0	0		0
<b>Total</b>	<b>4</b>	<b>100</b>	<b>8</b>	<b>100</b>

<sup>a</sup> One loan may have two crosscutting operational priorities.

Includes only firm projects; percent total may not add up due to rounding.

**ECONOMIC AND SECTOR WORK PROGRAM**

Type of ESW	Strategic or Operational Objective	Modality (staff/staff consultant/ ADTA/RETA)
<b>1 Economic work</b>		
(i) Country Economic Review	Annual update of country economic performance.	Staff
<b>2 Thematic work</b>		
(i) Institutional Support for Governance Reform	Enhance the Government's capacity to lead, coordinate, and support implementation of its long-term governance reform strategy over a three-year period.	2001 ADTA
(ii) Institutional Support for Corporate and Financial Governance	Help implement the key measures related to policy reforms and transparency of the legal framework; improve accounting and auditing standards in the public sector; strengthen Nepal Rastra Bank to regulate and supervise rural finance; upgrade the payment system; and develop selected market participants, over a three-year period.	2001 ADTA
(iii) Institutional Strengthening of Department of Local Infrastructure and Roads	Address the institutional capacity of the local institutions and/or government to implement rural roads projects.	2002 ADTA
(iv) Institutional Strengthening for Rural Finance Institutions	Address the needs of the middle-tier rural financial institutions, particularly that of the Agriculture Development Bank of Nepal and other selected institutions.	2002 ADTA
(v) Capacity Building for Environmental Protection	To assist in strengthening capacity for environmental management.	2003 ADTA
(vi) Support for the Analysis of Agriculture Census	To support data collection in this priority sector to assist in policy formulation.	2004 ADTA
<b>3 Sector work</b>		
(i) Agriculture Sector Performance Review	Help the Government conduct a comprehensive review of the agriculture sector performance and formulate measures to further operationalize the Agriculture Perspective Plan. The TA is expected to be completed in January 2002.	ADTA
(ii) Power Sector Reform and Restructuring	Prepare detailed plans for the reform and restructuring of Nepal Electricity Authority (NEA), converting NEA to an independent corporation and restructuring its distribution operations.	2002 ADTA
(iii) Financial and Private Sector Development	To assist in preparation of a sector development program.	2003 ADTA
(iv) Tourism Sector Review	To review sector performance prior to further investment.	2003 ADTA

ADTA = advisory technical assistance, ESW = economic and sector work, RETA = regional technical assistance, TA = technical assistance.

**PROJECT SELECTION BRIEFS**  
**Table A6.1: Second Rural Infrastructure Development Project**

<b>A: Data</b>	
Project Number:	30232-01
Country:	Nepal
Sector:	Agriculture
Subsector:	Rural Development
Project Division:	AWAR
Contact Person in Projects Division:	A. Goffeau, Rural Infrastructure Engineer
Programs Division:	PW1
Tentative Loan Amount According to CSP:	\$20 million
Proposed Lending Modality:	Project Loan
PPTA:	TA 3625: Second Rural Infrastructure Development Project
Proposed PPTA Amount:	\$800,000
Attached ADTA:	None
Proposed ADTA Amount:	None
Start Predesign Phase:	September 2000
Start Design Phase:	May 2001
Approval Year According to CSP:	2002
Proposed Executing Agency:	Ministry of Local Development
Contact Person in Proposed Executing Agency:	U.R. Soti, Secretary
<b>B: Description</b>	
Brief Rationale of Project:	To achieve its primary development objective of poverty reduction, the Government places high priority on the rehabilitation and expansion of rural infrastructure, as highlighted in the Government's long-term Agriculture Perspective Plan and Ninth Plan (1997-2002). The envisaged second rural infrastructure development project (RIDP) will build upon the ongoing Loan 1450-NEP and further enhance rural infrastructure development in four clusters of hilly districts located in the far western, western, central, and eastern regions. The project will aim to make income-generating opportunities and essential socioeconomic support services more accessible to the rural poor.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	To be compiled.
Comparative Advantage of ADB in Proposed Project:	ADB has been providing assistance to the sector in the past.
Rationale and Scope of attached ADTA:	—
Development Objective (thematic priority):	Consistent with the Government's priorities and ADB's CSP, the envisaged second RIDP will help reduce rural poverty in remote villages of the selected districts by increasing economic opportunities and improving quality of life. Beneficiaries will gain (i) immediate supplementary cash income from wages to be earned during the construction phase; (ii) better terms of trade as a result of improved access to markets, and incentives to increase their income-generating activities, in particular agricultural and livestock production; and (iii) better access to social services.
Environmental Classification:	B
Social Issues:	To be discussed during PPTA implementation

— = not applicable, ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = Economic and Sector Work, PPTA = project/program preparatory technical assistance.

**Table A6.2: Urban and Environment Improvement Project**

<b>A: Data</b>	
Project Number:	32239-01
Country:	Nepal
Sector:	Social Infrastructure
Subsector:	Urban Development and Housing
Project Division:	AWWU
Contact Person in Projects Division:	X. Ye, Senior Financial Analyst
Programs Division	PW1
Tentative Loan Amount According to CSP:	\$30 million
Proposed Lending Modality:	Project Loan
PPTA:	Urban Environment Improvement
Proposed PPTA Amount:	\$750,000
Attached ADTA	None
Proposed ADTA Amount:	None
Start Pre-design Phase:	28 September 2001
Start Design Phase:	To be determined
Approval Year According to CSP:	2002
Proposed Executing Agency:	Department of Urban Development and Building Construction
Contact Person in Proposed Executing Agency:	B.S. Thapa, Director General
<b>B: Description</b>	
Brief Rationale of Project:	The project will facilitate sustainable urban development in selected urban growth centers outside Kathmandu by addressing critical environmental improvement needs. The project will help the Government implement the policy reforms to improve urban environmental infrastructure and services and develop municipal institutions. The project is expected to include solid waste management and control, environmental monitoring and improvement, institutional development, and street and traffic improvement.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	PPTA is underway.
Comparative Advantage of ADB in Proposed Project:	This project is related to other ADB initiatives in the sector.
Rationale and Scope of attached ADTA:	—
Development Objective (thematic priority):	Environmental Protection
Environmental Classification:	B
Social Issues:	Being determined by the ongoing PPTA

— = not applicable, ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = Economic and Sector Work, PPTA = project/program preparatory technical assistance.

**Table A6.3: Second Secondary Education Project**

<b>A: Data</b>	
Project Number:	34022-01
Country:	Nepal
Sector:	Social Infrastructure
Subsector:	Education
Project Division:	AWEH
Contact Person in Projects Division:	S. Brar, Education Specialist
Programs Division:	PW1
Tentative Loan Amount According to CSP:	\$20 million
Proposed Lending Modality:	Project Loan
PPTA:	Second Secondary Education
Proposed PPTA Amount:	\$600,000
Attached ADTA:	None
Proposed ADTA Amount:	None
Start Predesign Phase:	July 2000
Start Design Phase:	February 2001
Approval Year According to CSP:	2002
Proposed Executing Agency:	Ministry of Education and Sports
Contact Person in Proposed Executing Agency:	To be determined
<b>B: Description</b>	
Brief Rationale of Project:	The objectives of the project are to help the Government improve the quality, equitable access, and management of secondary schools by implementing a secondary education development program.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	To be compiled
Comparative Advantage of ADB in Proposed Project:	ADB has previously been involved in the sector (Loan 1196-NEP: <i>Secondary Education Project</i> ).
Rationale and Scope of attached ADTA:	—
Development Objective (thematic priority):	Gender and Development, Human Development
Environmental Classification:	C
Social Issues:	The project will seek to maximize the social impact of the project and improve access to secondary education of disadvantaged groups, including girls, the poor, ethnic minorities, and the socially disadvantaged.

— = not applicable, ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = Economic and Sector Work, PPTA = project/program preparatory technical assistance.

**Table A6.4: Improving Financial Service Delivery through Information and Communication Technology Project**

<b>A: Data</b>	
Project Number:	34276-01
Country:	Nepal
Sector:	Finance
Subsector:	Finance
Project Division:	IWFI
Contact Person in Projects Division:	H. Brunner, Senior Project Economist
Programs Division:	PW 1
Tentative Loan Amount According to CSP:	\$20 million
Proposed Lending Modality:	Project Loan
PPTA:	TA 3581: Information and Communication Technology for Improved Financial Services Provision Project
Proposed PPTA Amount:	\$565,000
Attached ADTA:	None
Proposed ADTA Amount:	None
Start Pre-design Phase:	To be determined
Start Design Phase:	To be determined
Approval Year According to CSP:	2002
Proposed Executing Agency:	The Nepal Telecom Corporation (NTC)
Contact Person in Proposed Executing Agency:	To be determined
<b>B: Description</b>	
Brief Rationale of Project:	As this loan will be embedded in the overall finance sector reform program sequence, its overall goal is to reduce information and transaction costs to increase the effectiveness of financial intermediation. It will be complementary in its impact to other measures taken to reduce information and transaction costs under the Loan 1811-NEP: <i>Corporate and Financial Governance Loan</i> . The loan will physically implement the information technology for the finance system on a pilot basis. This requires technical implementation and integration of the system, and making the system operational and ensuring its sustainability. Technical, operational, and managerial implementation has to be such that the pilot operation can readily be expanded (scalable) to respond quickly to changes in financial sector demand for transmission services.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	TA 3581-NEP: Information and Communication Technology for Improved Financial Services Provision Project
Comparative Advantage of ADB in Proposed Project	ADB has been active in the sector with several TAs, and Loan 1811, with its associated cluster of TAs.
Rationale and Scope of attached ADTA:	—
Development Objective (thematic priority):	Economic growth: On the macroeconomic level, a lowering of information and transaction costs can lead to substantially improved financial intermediation. Savings mobilization would increase. Further gains accrue because of improved efficiency of resource allocation high-yielding, productive investments. Increased competition among finance institutions for well-informed customers will lead to offering of a broader range of services, and of better services at lower cost.
Environmental Classification:	To be determined

Social Issues:	<p>Economic and social rationale: The overlay network will establish basic infrastructure for the financial sector, requiring lumpy upfront investment, which can be subdivided only in an overall financially unsustainable way. An “infobahn” investment is in some ways analogous to building an expressway. Both have public good aspect: that is they provide a service that, if supplied to one person or organization, can be made available to others at little extra cost. The provision of a public good is to a degree a matter of collective choice. Parties to the service need to pool resources and agree to rules of common usage. They have to work out conflicts of usage, or establish minimum standards of provision. As with roads, the project will have issues of safety, and issues on how to connect one’s own driveway to the public right of way.</p>
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— = not applicable, ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = Economic and Sector Work, PPTA = project/program technical assistance, TA = technical assistance.

Table A6.5: Third Irrigation Sector

<b>A: Data</b>	
Project Number:	33209-01
Country:	Nepal
Sector:	Agriculture
Subsector:	Irrigation
Project Division:	AWFN
Contact Person in Projects Division:	A. Siddiq, Project Economist
Programs Division:	PW1
Tentative Loan Amount According to CSP:	\$30 million
Proposed Lending Modality:	Project Loan
PPTA:	Third Irrigation Sector Project
Proposed PPTA Amount:	\$600,000
Attached ADTA:	None (cofinancing from a bilateral will be sought)
Proposed ADTA Amount:	None
Start Predesign Phase:	Third Quarter 2001
Start Design Phase:	Fourth Quarter 2001
Approval Year According to CSP:	2002 (standby)
Proposed Executing Agency	Department of Irrigation (DOI)
Contact Person in Proposed Executing Agency:	S. P. Sharma, Director General
<b>B: Description</b>	
Brief Rationale of Project:	<p>Rural areas, especially those in the isolated hills and <i>Terai</i> (plain), have a high incidence of absolute poverty: more than half the population lives below the poverty line. The productivity of land and labor resources is low due to erratic rainfall, exacerbated by poor input supply and inadequate infrastructure. For poorer households, the main staple, rice, is often in short supply. Increased agricultural productivity to ensure food security is a major goal of the Government.</p> <p>Farmer-managed irrigation schemes are the major focus of the Government's irrigation strategy to increase food production and reduce poverty. The main objective of this strategy is to establish motivated water-users associations, supported through appropriate training, that can assure productive and sustainable irrigation schemes. The ongoing Loan 1437-NEP: <i>Second Irrigation Sector Project</i> is helping the Government achieve this objective in the central and eastern development regions. The lessons from this project vis-a-vis agency-managed irrigation schemes reinforce the advantages of farmer-managed schemes. Therefore, similar schemes should be expanded to other districts to further help the Government achieve its goal of food security and poverty reduction.</p>
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	The irrigation sector review is underway and will be finalized by July 2001.
Comparative Advantage of ADB in Proposed Project:	The ongoing TA will be completed by December 2001. The TA's implementation status is satisfactory and the lessons learned will be incorporated into the design of the captioned project.
Rationale and Scope of attached ADTA:	An ADTA is not proposed, but funding for this component will be sought from bilateral sources. DOI has a weak capacity for farmer mobilization and training. Moreover, the selection process of the subprojects is often subject to political pressures and interference from the vested interests within DOI. By funding the project implementation supervision and training component through grant aid from a bilateral

	funding agency, independent experts, foreign as well as domestic, will be engaged. This arrangement will significantly improve the project quality as well as equality.
Development Objective (thematic priority):	Economic Growth
Environmental Classification:	B
Social Issues:	Empowerment of small and marginal farmers and women through their active participation in the water-users association activities.

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, DOI = Department of Irrigation, ESW = Economic and Sector Work, PPTA = project/program preparatory technical assistance, TA = technical assistance.

Table A6.6: Women Empowerment Project

<b>A: Data</b>	
Project Number:	34306-01
Country:	Nepal
Sector:	Agriculture
Subsector:	Agricultural Support Services
Project Division:	AWAR
Contact Person in Division:	M. Katagami, Project Economist
Programs Division:	PW1
Tentative Loan Amount According to CSP:	\$10 million
Proposed Lending Modality:	Project Loan
PPTA:	Women Empowerment
Proposed PPTA Amount:	\$800,000
Attached ADTA:	To be determined
Proposed ADTA Amount:	To be determined
Start Predesign Phase:	To be determined
Start Design Phase:	To be determined
Approval Year According to CSP:	2002
Proposed Executing Agency:	To be determined
Contact Person in Proposed Executing Agency:	To be determined
<b>B: Description</b>	
Brief Rationale of Project:	<p>Women in Nepal face multiple constraints. Eliminating systemically induced inequities and redressing historic patterns of disadvantage require programs that will provide women with the appropriate tools and opportunities to participate in mainstream development. The objective of the project is to improve the socioeconomic status of women by strengthening and expanding their economic participation and improving their legal awareness through an integrated approach. District development committees (DDCs) and village development committees (VDCs) will be the main partners for project implementation in cooperation with nongovernment organizations and community based organizations. The project will adopt modalities of several successful women empowerment projects and develop and apply them on a larger scale. Close funder coordination and consultation will be sought during the PPTA stage to ensure funders' participation in and cofinancing for the project.</p> <p>The project will be in line with the overarching objective of the Country Strategy Program Update, which is poverty reduction, and address other critical concerns, including gender and development, good governance, and decentralization.</p>
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	The Government's <i>Jagritee</i> Program; ADB's Women in Nepal; Operations Evaluation Report on Microcredit for Women Project; and women's empowerment projects by various funders.
Comparative Advantage of ADB in Proposed Project:	ADB has been a major donor in the microfinance sector and has ample experience. The project is based on the lessons learned largely from Loan 1237-NEP: Microcredit for Women Project, which is highly successful.
Rationale and Scope of attached ADTA:	To be determined
Development Objective (thematic priority):	Gender and Development
Environmental Classification:	To be determined
Social Issues:	Improve the socioeconomic status of women

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DDC = district development committee, DMC = developing member country, ESW = Economic and Sector Work, PPTA = project/program preparatory technical assistance, VDC = village development committee.

Table A6.7: Integrated Agriculture Development Project

<b>A: Data</b>	
Project Number:	34308-01
Country:	Nepal
Sector:	Agriculture
Subsector:	Crop Production
Project Division:	AWAR
Contact Person in Division:	M. Otsuka, Senior Project Economist
Program Division:	PW1
Tentative Loan Amount According to CSP:	\$20 million
Proposed Lending Modality:	Project Loan
PPTA:	Integrated Agriculture Development proposed for 2002
Attached ADTA:	None
Proposed ADTA Amount:	None
Proposed TA Amount:	\$800,000
Start Predesign Phase:	March 2002
Start Design Phase:	October 2002
Approval Year According to CSP:	2002
Proposed Executing Agency:	Ministry of Agriculture and Cooperatives
Contact Person in Proposed Executing Agency:	M. N. Shrestha, Secretary
<b>B: Description</b>	
Brief Rationale of Project:	The high incidence of poverty is the primary development concern in Nepal. The latest estimate indicates that 42 percent of the country's population lives below the poverty line. <sup>1</sup> According to the <i>Human Development Report</i> of the United Nations Development Programme in 2000, Nepal is ranked 144th out of 174 countries, with its human development index estimated at 0.474. As agriculture constitutes about 80 percent of the total labor force and about 40 percent of gross domestic product (GDP), the sector's growth is essential for achieving the national objective of poverty reduction. ADB's current operational strategy for Nepal is focused on poverty reduction, particularly in rural areas. In line with this operational strategy, the project will aim to promote agricultural development in poor regions with increased participation of the private sector.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	ADB's TA for Agriculture Sector Performance Review <sup>2</sup> will help the Government assess the implementation of the Agriculture Perspective Plan. Based on this sector review, profiles of possible investment projects will be identified.
Comparative Advantage of ADB in Proposed Project:	ADB has gained substantial knowledge and experience in agriculture and rural development in Nepal through loan and TA projects, and cochairs with the United Kingdom's Department for International Development (DFID) the funders' local thematic group on the sector. ADB's current position gives it a good advantage for continuing assistance in the sector.
Rationale and Scope of attached ADTA:	Being conceptualized
Development Objective (thematic priority):	Poverty Intervention (private sector development), Gender and Development
Environmental Classification:	To be determined
Social Issues:	Reduce poverty in the rural sector, particularly amongst excluded groups

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = Economic and Sector Work, PPTA = project/program preparatory technical assistance.

<sup>1</sup> The poverty line is officially defined as the income required to purchase the minimum requirement of 2,124 calories per capita per day according to the 1996 Nepal Living Standard Survey conducted by the Central Bureau of Statistics.

<sup>2</sup> TA 3536-NEP: *Agriculture Sector Performance Review*, for \$600,000, approved on 13 November 2000. The consultants were fielded in May 2001.

**Table A6.8: Community-Based Water Supply and Sanitation Sector Project**

<b>A: Data</b>	
Project Number:	32249-01
Country:	Nepal
Sector:	Social Infrastructure
Subsector:	Water Supply and Sanitation
Project Division:	AWWU
Contact Person in Projects Division:	X. Ye, Senior Financial Analyst
Programs Division:	PW1
Tentative Loan Amount According to CSP:	\$30 million
Proposed Lending Modality:	Project Loan
PPTA:	To be determined
Proposed PPTA Amount:	\$800,000
Attached ADTA:	None
Proposed ADTA Amount:	None
Start Predesign Phase:	To be determined
Start Design Phase:	To be determined
Approval Year According to CSP:	2002
Proposed Executing Agency:	Ministry of Physical Planning and Works
Contact Person in Proposed Executing Agency:	To be determined
<b>B: Description</b>	
Brief Rationale of Project:	The technical assistance will help the Government expand coverage of water supply and sanitation and support community-based approaches in the construction, management, and operation and maintenance of water supply projects. The TA will continue to support community initiatives in rural towns to rehabilitate and build water supply facilities to be maintained by local communities. The TA will build on the lessons learned from the previous projects.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	To be determined
Comparative Advantage of ADB in Proposed Project:	ADB has been involved in the sector for a number of years and a sustainable model has been developed that emphasizes community involvement.
Rationale and Scope of attached ADTA:	To be determined
Development Objective (thematic priority):	Gender and Development, Human Development
Environmental Classification:	B
Social Issues:	The project will seek to improve the living conditions of excluded groups, particularly women.

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = Economic and Sector Work, PPTA = project/program preparatory technical assistance, TA = technical assistance.

**Table A6.9: Nonformal Education for Women Project**

<b>A: Data</b>	
Project Number:	25037-01
Country:	Nepal
Sector:	Social Infrastructure
Subsector:	Education
Project Division:	AWEH
Contact Person in Projects Division:	S. Brar, Education Specialist
Programs Division:	PW1
Tentative Loan Amount According to CSP:	\$20 million
Proposed Lending Modality:	Project Loan
PPTA:	To be determined
Proposed PPTA Amount:	\$800,000
Attached ADTA:	None
Proposed ADTA Amount:	None
Start Predesign Phase:	January 2002
Start Design Phase:	July 2002
Approval Year According to CSP:	2003
Proposed Executing Agency:	National Nonformal Education Council
Contact Person in Proposed Executing Agency:	To be determined
<b>B: Description</b>	
Brief Rationale of Project:	The objectives of the TA are to (i) help the Government review nonformal education activities and policies, and prepare detailed policy options; and (ii) prepare a detailed plan with costing for nonformal education, part or all of which can be financed by ADB.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	The PPTA will do a subsector analysis of secondary education.
Comparative Advantage of ADB in Proposed Project:	ADB has been one of the lead donors in the education sector in Nepal.
Rationale and Scope of attached ADTA:	—
Development Objective (thematic priority):	Gender and Development
Environmental Classification:	C
Social Issues:	Nonformal education addresses the learning needs of those sections of society who, due to economic, social, or geographic disadvantages, have not been able to go through the formal school system.

— = not applicable, ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = Economic and Sector Work, PPTA = project/program preparatory technical assistance, TA = technical assistance.

**Table A6.10: Kathmandu Valley Urban Improvement Project**

<b>A: Data</b>	
Project Number:	34304-01
Country:	Nepal
Sector:	Social Infrastructure
Subsector:	Urban Development and Housing
Project Division:	AWWU
Contact Person in Projects Division:	X. Ye, Senior Financial Analyst
Programs Division:	PW1
Tentative Loan Amount According to CSP:	To be determined
Proposed Lending Modality:	Project Loan
PPTA:	Kathmandu Valley Urban Improvement
Proposed PPTA Amount:	\$800,000
Attached ADTA:	None
Proposed ADTA Amount:	None
Start Predesign Phase:	To be determined
Start Design Phase:	To be determined
Approval Year According to CSP:	2003
Proposed Executing Agency:	Ministry of Physical Planning and Works
Contact Person in Proposed Executing Agency:	To be determined
<b>B: Description</b>	
Brief Description of Rationale of Project:	The Technical Assistance will address environment and poverty as well as infrastructure issues within Kathmandu Valley. It will prepare a feasibility study for the highest priorities in water supply, drainage, wastewater, solid waste management, slum improvements, and other municipal infrastructure facilities in the area. Capacity building, institutional strengthening, and cleaner production and air quality measures assistance will also be provided. The scope will be refined in the context of the implementation experience of the ongoing Urban Environmental Improvement PPTA.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	PPTA is underway.
Comparative Advantage of ADB in Proposed Project:	ADB has previously provided assistance in the urban development sector, and in Kathmandu.
Rationale and Scope of attached ADTA:	—
Development Objective (thematic priority):	Environment
Environmental Classification:	B
Social Issues:	To be determined by the ongoing PPTA

— = not applicable, ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = Economic and Sector Work, PPTA = project/program preparatory technical assistance.

**Table 6.11: Financial and Private Sector Development Program**

<b>A: Data</b>	
Project Number:	To be determined
Country:	Nepal
Sector:	Finance
Subsector:	Finance/Private Sector Development
Project Division:	IWFI
Contact Person in Projects Division:	W. Liepach, Senior Financial/Capital Markets Specialist
Programs Division:	PW1
Tentative Loan Amount According to CSP:	\$20 million
Proposed Lending Modality:	To be determined
PPTA:	Financial and Private Sector Development Program (2003)
Proposed PPTA Amount:	\$150,000
Attached ADTA:	None
Proposed ADTA Amount	None
Start Predesign Phase:	July 2003
Start Design Phase:	November 2003
Approval Year According to CSP:	2004
Proposed Executing Agency	Ministry of Finance
Contact Person in Proposed Executing Agency:	M. Ghimire, Joint Secretary, Foreign Aid and Coordination Division
<b>B: Description</b>	
Brief Rationale of Project:	To escape the poverty trap, Nepal must increase its gross domestic product to 5 percent or more on a sustainable basis. This requires an efficient financial and private sector. The project will look at policy impediments to private sector development, as well as the efficiency of financial sector institutions, to effectively support private sector growth, with a particular focus on small and medium enterprise development and the services sector, including in rural areas. Possible restructuring of financial institutions (including Agricultural Development Bank of Nepal and/or Nepal Industrial Development Corporation), as well as introduction of new financing mechanisms may be considered.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	Ongoing work under Corporate and Financial Governance Project.
Comparative Advantage of ADB in Proposed Project:	ADB has a good understanding of sector issues and well-established interaction with counterparts and private sector stakeholders.
Rationale and Scope of attached ADTA:	—
Development Objective (thematic priority):	Private Sector Development and Governance
Environmental Classification:	To be determined
Social Issues:	To be determined

— = not applicable, ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = Economic and Sector Work, PPTA = project/program preparatory technical assistance.

Table A6.12: Sub-regional Roads Connection Project

<b>A: Data</b>	
Project Number:	To be determined
Country:	Nepal
Sector:	Transport
Subsector:	Road
Project Division:	IWTC
Contact Person in Projects Division:	S. Tsukada,
Programs Division:	PW1
Tentative Loan Amount According to CSP:	\$50 million
Proposed Lending Modality:	Specific Investment Project
PPTA:	No allocation has been made
Proposed PPTA Amount:	\$600,000 would be necessary
Attached ADTA:	None
Proposed ADTA Amount:	None
Start Predesign Phase:	2003
Start Design Phase:	2004
Approval Year According to CSP:	2004
Proposed Executing Agency	Department of Road Ministry of Physical Planning and Works
Contact Person in Proposed Executing Agency:	To be determined
<b>B: Description</b>	
Brief Rationale of Project:	<p>Nepal is a land-locked country. Without efficient transport links connecting Nepal to other countries, its economy will not grow. However, current transport links are costly and unreliable. A number of physical and institutional elements are impeding the country from exporting and importing goods and commodities in a cost-effective manner.</p> <p>A renewed momentum has emerged to establish closer ties between Nepal, Bangladesh, Bhutan, West Bengal State, and northeastern states of India. The Asian Development Bank (ADB) recently launched a new transport sector initiative to help this subregion develop efficient transport logistics links as a part of the South Asia Subregional Economic Cooperation (SASEC) initiative. It will set out a strategic framework for the improvement of cross-border movement of cargo in the subregion. In line with ADB's recent policy emphasis on the promotion of regional cooperation, SASEC has begun developing pipelines aimed at subregional cooperation. For Bangladesh, PPTA for the northwestern road corridor project has been programmed for 2001, and for India, the West Bengal corridor development project for 2003. It is critical to have a similar program for Nepal if the closely linked subregional road network is to be established.</p> <p>The proposed project could possibly be structured with four components: (i) improvement of the eastern end of the East-West Highway to establish a smoother connection to Siliguri, India, and to Bangladesh, (ii) removal of bottlenecks at the border areas in three road links to India, (iii) construction of access roads to the envisaged export processing zones, and (iv) simplification of cross-border formalities and establishment of more rationally structured subregional transit arrangements.</p>

Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	Specific investment opportunities will be identified during the proposed transport sector initiative for SASEC to be carried out by ADB in cooperation with SASEC participating countries.
Comparative Advantage of ADB in Proposed Project:	ADB's extensive experience with regional cooperation
Rationale and Scope of attached ADTA:	—
Development Objective (thematic priority):	Sustainable economic growth and regional cooperation
Environmental Classification Project:	To be determined
Social Issues:	To be determined

— = not applicable, ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, DMC = developing member country, ESW = Economic and Sector Work, PPTA = project/program preparatory technical assistance.

Table 6.13: Smallholder Livestock Development Project

<b>A: Data</b>	
Project Number:	To be determined
Country:	Nepal
Sector:	Agriculture
Subsector:	Livestock
Project Division:	AWFN
Contact Person in Projects Division:	A. Kelly, Project Economist
Programs Division:	PW1
Tentative Loan Amount According to CSP:	\$20 million
Proposed Lending Modality:	ADF
PPTA:	2003
Proposed PPTA Amount:	\$800,000
Attached ADTA:	None
Proposed ADTA Amount:	None
Start Pre-design Phase:	To be determined
Start Design Phase:	To be determined
Approval Year According to CSP:	2004 (Standby)
Proposed Executing Agency:	Department of Agriculture
Contact Person in Proposed Executing Agency:	To be determined
<b>B: Description</b>	
Brief Rationale of Project:	<p>Rural areas in Nepal, especially those in the isolated hills and <i>Terai</i> (flat plains), have a high incidence of absolute poverty, with more than half the population living below the poverty line. The productivity of land and labor resources is low, and for poorer households the main staple, rice, is often in short supply. Livestock is an integral component of farming system, the largest source of household on-farm income (19-21 percent) in most of Nepal, and a source of household nutrition, draft power, and manure. Generally women manage farm animals and livestock production.</p> <p>Livestock productivity is low due to weak support services, and limited access to inputs and marketing systems. Addressing these constraints is the Government's priority under the Agricultural Perspective Plan, which is currently being supported by foreign funders. ADB is financing the ongoing Third Livestock Development Project. Opportunities exist to improve smallholders' livestock productivity and incomes. The PPTA will help an investment project that will develop effective smallholder livestock interventions targeting poorer households by (i) strengthening the development of livestock support services and marketing, (ii) improving input quality, and (iii) improving access to microcredit through private sector and nongovernment organization participation.</p>
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	An ADB livestock sector review is planned for November 2001. An outcome of the review will be the identification of priority areas for the proposed project.
Comparative Advantage of ADB in Proposed Project:	Important lessons that have been learned through the implementation of the Third Livestock Development Project will be incorporated in the design of the proposed project.
Rationale and Scope of attached ADTA:	—

Development Objective (thematic priority):	Economic growth (ECO) and core poverty intervention (CPI)
Environmental Classification:	B
Social Issues:	The project will have a positive impact on smallholder incomes and livelihoods. As women are generally responsible for livestock, they will be key participants. Gender strategies and action plans must be prepared.

— = not applicable, ADB = Asian Development Bank, ADF = Asian Development Fund, ADTA = advisory technical assistance, CPI = core poverty intervention, CSP = country strategy and program, DMC = developing member country, ECO = economic growth, ESW = Economic and Sector Work, PPTA = project/program preparatory technical assistance.

### TECHNICAL ASSISTANCE CONCEPT PAPERS

**Table A6.14: Institutional Strengthening of Department of Local Infrastructure and Roads Project**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	AWD/AWAR, A. Goffeau
Type of TA (ADTA, PPTA, RETA):	ADTA
Name of Loan Project to follow (if PPTA):	—
Country/Region (as applicable):	Nepal
Sector/Subsector:	Rural Development
Poverty Classification and Thematic Priorities: <sup>a</sup>	Economic Growth
Program Year: <sup>b</sup>	2002
Expected Approval Date (mo/yr):	July 2002
Estimated Completion Date:	To be determined
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	Through the Local Self-Governance Act, promulgated in 1999, the responsibility of planning and implementation of rural infrastructure development has been devolved on the local governing institutions, district development committees and village development committees. The Department of Local Infrastructure Development and Agriculture Roads (DoLIDAR) was formed in 1998 to provide technical support to the decentralized rural infrastructure development process. The mandate of DoLIDAR at the central level is to monitor, assist, and guide the development activities in districts and villages and to provide technical back-up for infrastructure development in rural areas. However, due to limited capacity and an organizational structure still in the making, DoLIDAR is not yet able to effectively carry out its functions.
2. Relation to Strategic Objectives (How the TA addresses the following.) <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	The TA will continue ADB's support to (i) the implementation of the national rural infrastructure strategy and the rural road network master plan that is crucial to successful implementation of the Agriculture Perspective Plan, and (ii) reforms and institutional strengthening needed for O&M of rural infrastructure.
3. Scope (specific major components, e.g. capacity building)	Strengthening of DoLIDAR's technical and institutional capacity in view of its pivotal role as a focal point for resource mobilization, coordination, monitoring, and enforcing principles and norms in respect of rural infrastructure development.
4. Expected Outcome and Monitorable Indicators	<ul style="list-style-type: none"> <li>• A comprehensive review of the rural infrastructure development sector</li> <li>• A review of DoLIDAR's organizational structure and mandate and a practiced set of procedural guidelines, including roles and responsibilities of each unit</li> <li>• A funder coordination mechanism practiced by DoLIDAR</li> <li>• An appropriate operationalized project management and evaluation system</li> </ul>

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP or the CAP for transition period.

<p>5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years)</p> <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	<ul style="list-style-type: none"> <li>• TA No.2256-NEP: Institutional Strengthening for Rural Infrastructure Development, for \$500,000, approved on 18 April 1996 and completed in December 1997</li> <li>• TA No. 3008-NEP: Institutional Reforms in the Agriculture Sector – Part B: Assistance in the Management Capability of the Central and Local Administrations for Rural Infrastructure Development and establishment of DoLIDAR, for \$260,000, approved on 17 April 1998 and completed in January 2000.</li> </ul>
<p>6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)</p>	<p>Ministry of Local Development</p>
<p>7. Cost and Financing Plan</p> <ul style="list-style-type: none"> <li>• ADB Financing (JSF, TASF)</li> <li>• Sources other than JSF/TASF</li> </ul>	<p>\$400,000</p>
<p>8. Country, RETA IPF for relevant year</p>	<p>\$4 million</p>

— = not applicable, ADB = Asian Development Bank, ADTA = advisory technical assistance, DoLIDAR = Department of Local Infrastructure Development and Agriculture Roads, JSF = Japan Special Fund, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

**Table A6.15: Institutional Strengthening of Department of Rural Financial Institutions Project**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	AWAR, P. Dayal
Type of TA (ADTA, PPTA, RETA):	ADTA
Name of Loan Project to follow (if PPTA):	—
Country/Region (as applicable):	Nepal
Sector/Subsector:	Rural Finance
Poverty Classification and Thematic Priorities: <sup>a</sup>	Good Governance
Program Year: <sup>b</sup>	2002
Expected Approval Date (mo/yr):	May 2002
Estimated Completion Date:	To be determined
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	The rural financial sector in Nepal is ridden with problems of limited outreach, lack of capacity, financial and institutional unsustainability, etc. The World Bank and Asian Development Bank are supporting the capacity building needs of the Central Bank and nongovernment organization microfinance institutions. This TA will address the needs of the middle-tier rural financial institutions, particularly that of the Agriculture Development Bank of Nepal (ADBN) and other selected institutions.
2. Relation to Strategic Objectives (How the TA addresses the following.) <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	All stakeholders will be consulted.
3. Scope (specific major components, e.g. capacity building)	The TA will focus on improving the access of the rural poor population to financial services by developing capabilities in the institutions servicing them. The corporate financial governance program loan being implemented in the country will support the performance audit of ADBN and identify its operational and institutional constraints. The TA will support the capacity building requirements in ADBN and other selected rural financial institutions.
4. Expected Outcome and Monitorable Indicators	Strengthened capacity and improved performance of rural financial institutions
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years) <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	Not applicable
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	Nepal Rastra Bank
7. Cost and Financing Plan <ul style="list-style-type: none"> <li>• ADB Financing (JSF, TASF)</li> <li>• Sources other than JSF/TASF</li> </ul>	\$400,000
8. Country, RETA IPF for relevant year	\$4 million

— = not applicable, ADB = Asian Development Bank, ADBN = Agriculture Development Bank of Nepal, ADTA = advisory technical assistance, JSF = Japan Special Fund, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP or the CAP for transition period.

**Table A6.16: Capacity Building for Teacher Education Project**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	AWD/AWEH, Sukhdeep Brar
Type of TA (ADTA, PPTA, RETA):	ADTA
Name of Loan Project to follow (if PPTA):	—
Country/Region (as applicable):	Nepal
Sector/Subsector:	Education
Poverty Classification and Thematic Priorities: <sup>a</sup>	Human Development
Program Year: <sup>b</sup>	2002
Expected Approval Date (mo/yr):	January 2002
Estimated Completion Date:	December 2002
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	<p>The quality of basic education in Nepal remains a major cause of concern due to the internal inefficiency of the primary schools. The poor performance of teachers in basic education is a key constraint to improving the quality of education. Teacher absenteeism is high, reflecting weak school supervision and lack of community participation. The problem is compounded by the lack of a satisfactory system of regular preservice and in-service training in the country. The entry of large numbers into the teaching force without any preservice training places a heavy demand for in-service training on the limited capacity and scarce resources of training institutions.</p> <p>Asian Development Bank helped create the infrastructure for the National Center for Educational Development and nine primary teacher training centers under the primary education development project. However, no consultant services were provided for capacity building of these institutions, with the result that their capacity remains weak. In order to strengthen the capacity of these institutions, inputs are necessary to improve staff skills and competencies for planning, management, administration, program and curriculum design and delivery of teacher training. The ADTA will provide support for enhancing the management and professional skills of personnel in the teacher training institutions.</p> <p>Capacity-building efforts remain weak due to a lack of adequate inputs in staff development. Developing member countries are reluctant to borrow money for staff development inputs, preferring to finance such activities through grant money. In the absence of grant money, the staff development inputs are reduced. This negatively affects institutional capacity building and has an adverse impact on the sustainability of the project. The proposed ADTA will supplement Government efforts for capacity building in the teacher training institutions. This, in turn, will have a strong positive impact on the project outputs.</p>

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP or the CAP for transition period.

<p>2. Relation to Strategic Objectives (How the TA addresses the following.)</p> <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	<p>The correlation between education and poverty reduction is strong. Improving access to and quality of education is a key component of the Government's poverty reduction strategy. Low teacher competencies are a key deterrent to improvements in the quality of and access to basic education.</p> <p>The ADTA will build capacity for teacher training in the teacher training institutions by improving the skills and competencies of the staff of the teacher training institutions for improved delivery of training; training master trainers and trainers; and building capacity to prepare training curriculum and support materials. The ADTA is consistent with the Country Assistance Plan and education sector strategy for Nepal.</p>
<p>3. Scope (specific major components, e.g. capacity building)</p>	<p>The ADTA's scope encompasses building capacity building in the teacher training institutions through training of personnel such as managers, administrators, curriculum development specialists, master trainers, and trainers. Capacity building will be achieved through a judicious mix of training modalities with the help of domestic and international consultants. The components for capacity building include:</p> <ul style="list-style-type: none"> <li>(i) planning, management and delivery of training;</li> <li>(ii) learning outcome evaluation;</li> <li>(iii) training curriculum design;</li> <li>(iv) materials development; and</li> <li>(v) understanding the needs of the disadvantaged groups, including girls.</li> </ul>
<p>4. Expected Outcome and Monitorable Indicators</p>	<p>Outcome from the ADTA will be improved skills and competencies of the staff of the teacher training institutions and improved management and delivery of training. Monitorable indicators will be the number of personnel trained. Actual skills acquired will be measured by the trainers.</p>
<p>5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years)</p> <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	<p>Project preparatory TA 3217-NEP: <i>Basic Education Project</i>, implemented from January–October 2000</p>
<p>6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)</p>	<p>Ministry of Education and Sports and the National Center for Education Development</p>
<p>7. Cost and Financing Plan</p> <ul style="list-style-type: none"> <li>• ADB Financing (JSF, TASF)</li> <li>• Sources other than JSF/TASF</li> </ul>	<p>\$500,000</p>
<p>8. Country, RETA IPF for relevant year</p>	<p>\$4 million</p>

— = not applicable, ADB = Asian Development Bank, ADTA = advisory technical assistance, JSF = Japan Special Fund, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

**Table A6.17: Power Sector Reform and Restructuring Project**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	IWD/IWEN, J. Kuiper
Type of TA (ADTA, PPTA, RETA):	ADTA
Name of Loan Project to follow (if PPTA):	—
Country/Region (as applicable):	Nepal
Sector/Subsector:	Energy/ Electric Power
Poverty Classification and Thematic Priorities: <sup>a</sup>	Economic Growth
Program Year: <sup>b</sup>	2001
Expected Approval Date (mo/yr):	2002
Estimated Completion Date:	To be determined
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	Prepare detailed plans for the reform and restructuring of Nepal Electricity Authority (NEA), including converting NEA into an independent corporation, and restructuring its distribution operations.
2. Relation to Strategic Objectives (How the TA addresses the following.)  <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	The TA will improve the accountability and efficiency of the power sector thereby reducing costs of power supply.
3. Scope (specific major components, eg. capacity building)	The TA will assist the Government in assessing options for restructuring to make the power sector financially viable. NEA staff capacity will be strengthened.
4. Expected Outcome and Monitorable Indicators	This project will improve electrification ratios in Nepal.
5. Previous TA(s) on the Same Theme, in the sector, country, region (last five years)  <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	TA 3552-NEP: <i>Management Reforms and Efficiency Improvements of NEA</i> , for \$800,000, will be implemented in 2001 but this is an initial study. NEA and the Government will need follow-up assistance to design and implement any complicated restructuring.
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	The proposed Executing Agency is Nepal Electricity Authority
7. Cost and Financing Plan  <ul style="list-style-type: none"> <li>• ADB Financing (JSF, TASF)</li> <li>• Sources other than JSF/TASF</li> </ul>	\$600,000
8. Country, RETA IPF for relevant year	\$4 million

— = not applicable, ADB = Asian Development Bank, ADTA = advisory technical assistance, JSF = Japan Special Fund, NEA = Nepal Electricity Authority, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP or the CAP for transition period.

**Table A6.18: Support for the Focal Point for Financial Sector Reforms Project**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	IWD/IWFI, H.P. Brunner
Type of TA (ADTA, PPTA, RETA):	ADTA
Name of Loan Project to follow (if PPTA):	—
Country/Region (as applicable):	Nepal
Sector/Subsector:	Finance
Poverty Classification and Thematic Priorities: <sup>a</sup>	Governance
Program Year: <sup>b</sup>	2002
Expected Approval Date (mo/yr):	January 2002
Estimated Completion Date:	June 2003
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	Under TA 3371, the Asian Development Bank (ADB) has assisted in the project for the Establishment of a Focal Point for Financial Sector Reform (for \$150,000 approved in December 1999). This TA has proven to be an effective tool to the Ministry of Finance (MOF) to better coordinate various financial reform initiatives, and to provide analytical support for a number of pending issues. The Government has requested ADB to continue with this successful project. Continued assistance for financial sector reform coordination will be particularly important as the Corporate and Financial Governance as well as a number of other funder-assisted projects will be implemented in Nepal's financial sector over the next few years.
2. Relation to Strategic Objectives (How the TA addresses the following.)  <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	Analytical work on financial sector development and poverty reduction in line with support for financial sector development and capacity building.
3. Scope (specific major components, e.g. capacity building)	A local full time consultant will help MOF staff analyze key sector issues, as well as coordinate various funder-assisted activities. An international consultant will provide expertise on best international practice. The TA will also include support for legal reform related to financial sector development, to ensure consistency.
4. Expected Outcome and Monitorable Indicators	(i) greater involvement with key stakeholders, particularly MOF; (ii) action plan for institutionalizing finance sector policy analysis; (iii) Government agreement on reform (impact) roadmap linked to the Corporate and Financial Governance (CFG) Loan, but not necessarily limited to CFG; (iv) processes to monitor compliance; (v) monitoring results, and a menu of reform options; and (vi) a participation program.
5. Previous TA(s) on the Same Theme, in the sector, country, region (last five years)  <ul style="list-style-type: none"> <li>• Name, amount, status</li> <li>• Assessment of outcome</li> </ul>	<ul style="list-style-type: none"> <li>• TA 3371: <i>Establishing a Focal Point in Nepal</i>, for \$150,000, approved on 27 December 1999. The TA was completed in June 2001, and helped to improve coordination and continuity of financial sector reforms, with particular emphasis in the NBFIs subsector.</li> <li>• ADB as well as the Government found this TA most useful, and the Government has requested a follow-up project.</li> </ul>

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP or the CAP for transition period.

6. Executing agency, implementing agency, counterpart agency (for RETA as applicable)	MOF
7. Cost and Financing Plan <ul style="list-style-type: none"> <li>• ADB Financing (JSF, TASF)</li> <li>• Sources other than JSF/TASF</li> </ul>	TASF
8. Country, RETA IPF relevant year	\$4 million

— = not applicable, ADB = Asian Development Bank, ADBA = advisory technical assistance, CFG = Corporate and Financial Governance, JSF = Japan Special Fund, MOF = Ministry of Finance, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

Table A6.19: Rural Finance Development Project

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	AWD/AWAR, Ashok Sharma
Type of TA (ADTA, PPTA, RETA):	PPTA
Name of Loan Project to follow (if PPTA):	Rural Finance Sector Development
Country/Region (as applicable):	Nepal
Sector/Subsector:	Rural Finance
Poverty Classification and Thematic Priorities: <sup>a</sup>	Economic Growth, Human Development
Program Year: <sup>b</sup>	2003
Expected Approval Date (mo/yr):	March 2002
Estimated Completion Date:	September 2002
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	Current policy environment is not conducive for development of sustainable rural finance. The aggregate outreach is only one fifth of the potential clientele. Government domination and intervention in rural finance has discouraged private sector participation. Rural finance institutions are weak. The objective of the TA is to assist the Government in creating an enabling policy environment for sustainable rural finance and identify and introduce institutional reforms essential to improve the supply of financial services in the rural areas.
2. Relation to Strategic Objectives (How the TA addresses the following.) <ul style="list-style-type: none"> <li>poverty reduction/thematic priorities</li> <li>country strategy (where applicable)</li> <li>regional cooperation</li> </ul>	Majority of the poor live in rural areas. Enhanced and continuous supply of financial services will help the poor to enhance their incomes and living standards.
3. Scope (specific major components, e.g. capacity building)	The scope of the TA will include (i) establishment of rural finance policy group and stakeholder workshops, (ii) study the means and mechanism to broaden and deepen the reforms in rural finance, (iii) explore innovative institutional mechanisms and linkages to significantly enhance outreach, especially to reach remote mountainous areas, (iv) identification of institutions for reforms, and (v) develop a plan to enhance capacity building of key institutions to adapt, implement and sustain reforms.
4. Expected Outcome and Monitorable Indicators	The Project will enable the private sector, cooperatives, and NGOs to play greater role in rural finance. Major beneficiaries will be low income households, microenterprises, and rural businesses who currently do not have easy access to quality financial services. Retail capacity and financial viability for rural finance institutions will also improve.
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years) <ul style="list-style-type: none"> <li>name, amount, status</li> <li>assessment of outcome</li> </ul>	Rural Finance Strategy (Economic and Sector Work) completed in 2000. Rural Microfinance Project (PPTA), for \$ 600,000, completed 1998.
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	Nepal Rastra Bank
7. Cost and Financing Plan <ul style="list-style-type: none"> <li>ADB Financing (JSF, TASF)</li> <li>Sources other than JSF/TASF</li> </ul>	\$800,000
8. Country, RETA IPF for relevant year	\$4 million

ADB = Asian Development Bank, ADTA = advisory technical assistance, JSF = Japan Special Fund, PPTA = project/ program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP or the CAP for transition period.

**Table A6.20: Second Road Network Development Project**

<b>A. Project Profile</b>	
Department, Division, RM, Officer Concerned:	IWD/IWTC, S. Widowati
Type of TA (ADTA, PPTA, RETA):	PPTA
Name of Loan Project to follow (if PPTA):	Fifth Roads Project
Country/Region (as applicable):	Nepal
Sector/Subsector:	Transport/Roads
Poverty Classification and Thematic Priorities: <sup>a</sup>	Poverty Intervention and Economic Growth
Program Year: <sup>b</sup>	2003
Expected Approval Date (mo/yr):	October 2003
Estimated Completion Date:	October 2004
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	<p>Nepal is at an early development stage. With external financing agencies' involvement, Department of Roads (DOR) perceptions in managing road network has been gradually changed and its institutional capacity gradually built up. An important step is to introduce road-user charges and the concept of a guaranteed level of services from the road system in return for a specified charge. The recent initiative takes the process further by introducing an autonomous Road Board to administer user charges and to manage the road system. While this is a laudable aim, the route will not be quick or easy. In the interim, external financing agencies should be coordinated to adopt common policies to provide a greater focus on improvements in policy, expenditure allocation, and affective public service delivery rather than on financing and infrastructure provision per se. A more holistic (network-level) approach to project design and implementation is needed in developing the road subsector. The Government should be encouraged to take longer-term view of road system management and development.</p> <p>Nepal continues to lag behind its neighbors in road infrastructure, with road network of very low density. Road contact between Kathmandu and many district capitals remain problematic. About two thirds of the road network remains unpaved and much of it remains impassable during the wet season. Although the upgrading of the East-West Highway is nearing completion, continued attention to the strategic road network remains essential, as road development of unconnected district headquarters will be needed, as well as upgrading of poorly maintained parts of network. Improving the mobility of mostly poor rural communities should be promoted through a participatory process.</p>
2. Relation to Strategic Objectives (How the TA addresses the following.)	<p>The project will continue strengthening institutional capacity in managing road network, and contribute to poverty reduction and economic growth by improving transport efficiency, providing better access to employment opportunities and social facilities, and promoting regional cooperation.</p>
<ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP or the CAP for transition period.

	These objectives are consistent with ADB's road strategy of (i) developing the main network to connect all district headquarters, serve rural community centers, promote tourism, and provide cross-border linkages; (ii) strengthening institutional capacity of local government; (iii) strengthening capacity of local contractors; and (iv) supporting sustainable road network in terms of maintenance, funding, heavy-vehicle control, and social and environmental protection.
3. Scope (specific major components, e.g. capacity building)	The TA will (i) review and assess Government capacity to manage road network and local contractors in improving and maintaining roads; (ii) propose required institutional strengthening; (iii) prepare a feasibility study and select roads; (iv) prepare an initial environmental examination, initial social assessment, and economic analysis, including benefits distribution analysis and poverty impact ratio for the selected roads; and (v) propose poverty reduction and economic development interventions.
4. Expected Outcome and Monitorable Indicators	<ul style="list-style-type: none"> <li>• Inception report: 1st month — work plan and review related documents</li> <li>• Interim Report: 6th month — geographical focus, road selection</li> <li>• Draft Final Report: 9th month — tripartite meeting</li> <li>• Final Report: 10th month</li> </ul>
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years) <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	<ul style="list-style-type: none"> <li>• TA 2969-NEP: Fourth Roads Improvement, for \$775,000, approved on 24 December 1997, completed and followed by the proposed Loan: Road Network Development Project</li> <li>• TA 3625-NEP: <i>Second Rural Infrastructure Development</i>, for \$800,000, approved on 25 January 2001, ongoing</li> </ul>
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	Ministry of Physical Planning and Works, Department of Roads, DoLIDAR
7. Cost and Financing Plan <ul style="list-style-type: none"> <li>• ADB Financing (JSF, TASF)</li> <li>• Sources other than JSF/TASF</li> </ul>	\$800,000 (JSF)
8. Country, RETA IPF for relevant year	\$4 million

ADB = Asian Development Bank, ADTA = advisory technical assistance, DoLIDAR = Department of Local Infrastructure Development and Agriculture Roads, JSF = Japan Special Fund, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

**Table A6.21: Second Irrigation Management Project**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	AWD/AWFN, K. Yokoyama, Project Engineer
Type of TA (ADTA, PPTA, RETA):	PPTA
Name of Loan Project to follow (if PPTA):	Second Irrigation Management Transfer
Country/Region (as applicable):	Nepal
Sector/Subsector:	Agriculture and Irrigation
Poverty Classification and Thematic Priorities: <sup>a</sup>	Pro-poor Growth, Poverty Intervention, Economic Growth, Good Governance
Program Year: <sup>b</sup>	2001
Expected Approval Date (mo/yr):	2004
Estimated Completion Date:	2005
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	<p>Increasing agricultural productivity is crucial in reducing poverty and ensuring food security. A key element of the Government's strategy to this end is to improve the productivity and sustainability of existing irrigation systems by strengthening farmer water-user associations (WUAs) and improving critical infrastructure along with other necessary support services such as agricultural extension. The ongoing Irrigation Management Transfer Project<sup>c</sup> (IMTP) is assisting this process in the 11 medium- and large-scale publicly managed irrigation schemes (PMISs).</p> <p>IMTP is being implemented with the establishment of sustainable water management associations (WMAs) and irrigation and related infrastructure. The Government has also initiated comprehensive water sector reforms, along with a review of the Agriculture Perspective Plan with Asian Development Bank assistance. An appropriate approach for further promotion of management transfer of remaining schemes needs to be developed, taking into account these new policy developments and the lessons learned in the IMTP.</p>
2. Relation to Strategic Objectives (How the TA addresses the following.) <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	<p>The CSP update noted that sustainable growth in agriculture is a prerequisite for poverty reduction and economic growth in the country, given the sector's high shares in gross domestic product and employment (40 percent and 73 percent, respectively). Irrigation (with agricultural support services) is one of the priority subsectors to promote this end, along with crop diversification support, rural roads, electrification, and microcredit.</p> <p>The CSP update also emphasizes a sound sector policy, institutional environment, and capacity development in ADB operations. The TA and ensuing loan will further enhance such enabling environment in the irrigation and water resources sector.</p> <p>ADB's water policy supports (i) the Government's emerging policy principle of Integrated Water Resources Management (IWRM) and (ii) the objective of improving irrigation service delivery through strengthening water-user associations. These need to be further promoted with effective mutual institutional linkages, with the guidance of the water policy.</p>

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP or the CAP for transition period.

3. Scope (specific major components, e.g. capacity building)	The TA will do the following: assess policy and institutional environment; assess the IMTP in terms of the effectiveness of its process, management, and impacts (including on poverty); identify and develop policy dialogue issues and actions; undertake feasibility studies of sample subprojects; and develop an investment package, including measures for improving the sector policy, plan, and institutions.
4. Expected Outcome and Monitorable Indicators	The TA will define measures to enhance the productivity and sustainability of PMISs, including (i) actions to improve sector policies, institutions, and plans; and (ii) improved procedures and arrangements for PMIS development.
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years) <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	ADTA for Agricultural Perspective Plan (APP), completed in 1995 for \$600,000, defined reforms of the agricultural sector, including measures adopted in 1997 Irrigation Policy. Ongoing ADTA for Agricultural Sector Performance Review, approved in 2000 for \$600,000, is to assess the performance of APP and necessary measures to enhance their impacts.
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	Department of Irrigation, Ministry of Water Resources
7. Cost and Financing Plan <ul style="list-style-type: none"> <li>• ADB Financing (JSF, TASF)</li> <li>• Sources other than JSF/TASF</li> </ul>	\$800,000 (JSF)
8. Country, RETA IPF for relevant year	\$4 million

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country strategy and program, JSF = Japan Special Fund, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

Table A6.22: Second Crop Diversification Project

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	AWD/AWAR, M. Otsuka
Type of TA (ADTA, PPTA, RETA):	PPTA
Name of Loan Project to follow (if PPTA):	Second Crop Diversification Project (2006)
Country/Region (as applicable):	Nepal
Sector/Subsector:	Agriculture/Agriculture Support Services
Poverty Classification and Thematic Priorities: <sup>a</sup>	Core Poverty Intervention, Gender and Development, Private Sector Development
Program Year: <sup>b</sup>	2004
Expected Approval Date (mo/yr):	October 2004
Estimated Completion Date:	September 2005
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	The first Crop Diversification Project <sup>c</sup> became effective in April 2001 and will be completed in December 2006. It covers 12 districts in the poverty-stricken mid-western and far western regions. The proposed second crop diversification project will continue support for farmer groups in these districts and expand the involvement of the private sector in agricultural support services. ADB's continued assistance is essential to further promote active participation of women in commercial agriculture and to promote private sector development. The Government has already requested the expansion of the project area by including new districts. The request will be considered in view of the performance of the first crop diversification project.
2. Relation to Strategic Objectives (How the TA addresses the following.) <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	The proposed TA and the ensuing project will support the Government's efforts to reduce rural poverty. These efforts are in line with ADB's country strategy for Nepal for sustainable poverty reduction through faster growth of the agriculture sector. As emphasized in the first crop diversification project, increased participation of women in crop production and marketing, and the promotion of the private sector in agricultural support services will be highlighted in the proposed second crop diversification project.
3. Scope (specific major components, e.g. capacity building)	The TA will examine (i) the current situation of the agriculture sector in Nepal, particularly to reduce poverty and promote crop diversification; (ii) current production and marketing conditions of important cash crops in the proposed project area; (iii) ongoing and past external assistance in the agriculture sector, and lessons learned; (iv) detailed cost estimates and financing plan; (v) institutional, environmental, and social aspects for the proposed project, and possible measures for mitigating any adverse impact; and (vi) financial and economic returns.

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP or the CAP for transition period.

<sup>c</sup> Loan 1778-NEP: *Crop Diversification Project*, for \$11 million, approved on 9 November 2000.

4. Expected Outcome and Monitorable Indicators	The TA will formulate a detailed proposal for the second crop diversification project in Nepal for possible ADB financing. The monitoring indicators may include (i) the growth rate of agricultural production, (ii) average farm household income in the proposed project area, (iii) volume of cash crops and agro-based products traded in the market, (iv) volume of such products being exported, and (v) yields of major commercial crops.
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years)  <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	The ongoing TA 3536-NEP: <i>Agriculture Sector Performance Review</i> , for \$600,000, approved on 13 November 2000, which is expected to provide a detailed road map for the agriculture sector. The TA will be completed in March 2002.
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	Department of Agriculture
7. Cost and Financing Plan  <ul style="list-style-type: none"> <li>• ADB Financing (JSF, TASF)</li> <li>• Sources other than JSF/TASF</li> </ul>	\$800,000
8. Country, RETA IPF for relevant year	\$4 million

ADB = Asian Development Bank, ADTA = advisory technical assistance, JSF = Japan Special Fund, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

Table A6.23: Community Groundwater Irrigation Sector Project II

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	AWD/AWFN, A. Siddiq, Project Economist
Type of TA (ADTA, PPTA, RETA):	PPTA
Name of Loan Project to follow (if PPTA):	Community Groundwater Irrigation Sector Project II
Country/Region (as applicable):	Nepal
Sector/Subsector:	Agriculture/Irrigation
Poverty Classification and Thematic Priorities: <sup>a</sup>	Core Poverty Intervention, Economic Growth
Program Year: <sup>b</sup>	2004
Expected Approval Date (mo/yr):	June 2004
Estimated Completion Date:	December 2005
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	The proposed PPTA will prepare a follow-on investment project for farmer-managed shallow tubewell (STW) schemes. The PPTA will incorporate into the project design the lessons learned from the ongoing <i>Community Groundwater Irrigation Sector Project</i> (Loan 1609-NEP) to ensure long-term sustainability and optimum productivity of such schemes.
2. Relation to Strategic Objectives (How the TA addresses the following.) <ul style="list-style-type: none"> <li>poverty reduction/thematic priorities</li> <li>country strategy (where applicable)</li> <li>regional cooperation</li> </ul>	Rural areas in Nepal have a high incidence of absolute poverty with more than half the population living below the poverty line. Agricultural productivity is low due in some regions to a lack of access to irrigation, weak support services, and poor access to inputs and marketing systems. A priority under the Agricultural Perspective Plan is to expand groundwater irrigation agriculture. In the central and eastern regions, where groundwater supplies are abundant, such expansion is to be achieved by (i) supporting the establishment of sustainable individual and group-managed STWs, (ii) providing credit to finance STWs, and (iii) improving access to agricultural inputs and associated essential infrastructure. Such activities are currently being supported under the ongoing Loan No. 1609-NEP: <i>Community Groundwater Irrigation Sector Project</i> .
3. Scope (specific major components, e.g. capacity building)	The main components of the PPTA will include preparation (i) of detailed feasibility studies for a small number of pilot subprojects, (ii) detailed costs, financial, economic, and poverty analyses, and (iii) training programs for both the executing agency staff and farmer organizations.
4. Expected Outcome and Monitorable Indicators	The expected outcome is as outlined above. The quality of the output of individual components will be monitored.
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years) <ul style="list-style-type: none"> <li>name, amount, status</li> <li>assessment of outcome</li> </ul>	TA No. 2589-NEP: <i>Community Groundwater Irrigation Sector</i> , for \$600,000, in June 1996. The TA prepared the ongoing project (Loan No. 1609-NEP). The outcome was satisfactory.
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	Department of Irrigation, Ministry of Water Resources
7. Cost and Financing Plan <ul style="list-style-type: none"> <li>ADB Financing (JSF, TASF)</li> <li>Sources other than JSF/TASF</li> </ul>	\$800,000 (TASF)
8. Country, RETA IPF for relevant year	\$4 million

ADB = Asian Development Bank, ADTA = advisory technical assistance, JSF = Japan Special Fund, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP or the CAP for transition period.

Table A6.24: Rural Renewable Energy and Electrification Project

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	IWD/IWEN, J. Kuiper
Type of TA (ADTA, PPTA, RETA):	PPTA
Name of Loan Project to follow (if PPTA):	Rural Renewable Energy and Electrification
Country/Region (as applicable):	Nepal
Sector/Subsector:	Energy/ Electricity
Poverty Classification and Thematic Priorities: <sup>a</sup>	Poverty Reduction, Economic Growth
Program Year: <sup>b</sup>	2004
Expected Approval Date (mo/yr):	March 2004
Estimated Completion Date:	December 2004
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	The TA will prepare a project to provide affordable electricity produced by renewable energy sources to people living in rural areas.
2. Relation to Strategic Objectives (How the TA addresses the following.) <ul style="list-style-type: none"> <li>poverty reduction/thematic priorities</li> <li>country strategy (where applicable)</li> <li>regional cooperation</li> </ul>	Electricity supply in rural areas is important to promote local economic development and improve standards of living. Electricity supply will also help reduce poverty and disparities in rural and urban standards of living.
3. Scope (specific major components, e.g. capacity building)	The TA will include off-grid independent minipower projects, and extensions of the integrated Nepal Electric Authority (NEA) grid. Experience with off-grid renewable energy projects will be reviewed, and a project suitable for Asian Development Bank (ADB) support will be designed. Plans for rural electrification by extending the NEA distribution grid will also be prepared.
4. Expected Outcome and Monitorable Indicators	The TA will prepare a project suitable for ADB financing. The project will improve electrification ratios and make electricity available to those in rural areas.
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years) <ul style="list-style-type: none"> <li>name, amount, status</li> <li>assessment of outcome</li> </ul>	TA 2342: <i>Institutional Strengthening in Rural Energy Planning and Implementation</i> , for \$400,000, was approved in June 1995 and completed in 1997. The TA provided many conceptual ideas. TA 2911: <i>Rural Electrification and Distribution</i> , for \$450,000, was approved in November 1997 and completed in March 1999. It prepared the main project components financed under Loan 1732-NEP for Rural Electrification.
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	NEA will implement the distribution grid extensions. Alternative Energy Promotion Center will implement independent small-scale renewable energy projects.
7. Cost and Financing Plan <ul style="list-style-type: none"> <li>ADB Financing (JSF, TASF)</li> <li>Sources other than JSF/TASF</li> </ul>	\$800,000
8. Country, RETA IPF for relevant year	\$4 million

ADB = Asian Development Bank, ADTA = advisory technical assistance, JSF = Japan Special Fund, NEA = Nepal Electricity Authority, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP or the CAP for transition period.

**Table A6.25: Community Based Water Supply and Sanitation Sector Project II**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	AWD/AWWU, N. Mawilmada
Type of TA (ADTA, PPTA, RETA):	PPTA
Name of Loan Project to follow (if PPTA):	Community Based Water Supply and Sanitation Sector Project II
Country/Region (as applicable):	Nepal
Sector/Subsector:	Social Infrastructure/Water Supply and Sanitation
Poverty Classification and Thematic Priorities: <sup>a</sup>	Poverty intervention and human development
Program Year: <sup>b</sup>	2000
Expected Approval Date (mo/yr):	2004
Estimated Completion Date:	2005
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	The TA will focus on methods of supporting improvement of sustainable rural water supply and sanitation. The institutional framework of the water sector is in flux. Department of Water Supply and Sewerage (DWSS), the implementing agency for previous Asian Development Bank (ADB) projects in the sector, may not be the lead agency in the sector for much longer. Therefore, the TA will have to explore how to engage the new institutional structure to effectively deliver ADB support to the sector. The TA will assess the capacity of the new line agencies (if any), assess the availability of technical expertise at the district level, determine the nature of capacity-building assistance required, and develop funding modalities that are consistent with the new institutional structure and capable of reaching the poorest population groups.
2. Relation to Strategic Objectives (How the TA addresses the following.) <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	The primary goal of the project is to maximize the poverty reduction impact of ADB interventions in the sector by targeting the poorest parts of Nepal. The TA will look into methods of bringing water supply and sanitation to the most needy in a rapidly changing institutional environment. Improved access to water supply and sanitation will improve health conditions, promote basic human development in the project areas, and improve the economic conditions of poor communities. Extensive participation of women will be sought throughout the TA to ensure that gender issues are thoroughly addressed.
3. Scope (specific major components, e.g. capacity building)	Identify target beneficiaries and institutional modalities for ADB intervention, build the capacity of the implementing agency and district development committees, improve participatory planning mechanisms, promote consensus building among sector institutions
4. Expected Outcome and Monitorable Indicators	Improved and sustainable water and sanitation conditions in the project areas, improved health and awareness in communities, empowerment of women, and reduced poverty

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP or the CAP for transition period.

<p>5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years)</p> <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	<p>TA 2998: <i>Urban Water Supply Reforms in Kathmandu Valley</i>, 1998, for \$800,000, completed in February 2000, the TA prepared a wastewater management master plan and helped monitor groundwater and prepare the Melamchi Water Supply (Engineering Loan).</p> <p>TA 3059: <i>Small Towns Water Supply and Sanitation</i>, 1998, for \$600,000, completed. The ensuing loan was approved in 2000. <i>Community-Based Water Supply and Sanitation</i>, a PPTA to begin in the first quarter, 2002.</p>
<p>6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)</p>	<p>Ministry of Physical Planning and Works</p>
<p>7. Cost and Financing Plan</p> <ul style="list-style-type: none"> <li>• ADB Financing (JSF, TASF)</li> <li>• Sources other than JSF/TASF</li> </ul>	<p>\$ 800,000 (TASF)</p>
<p>8. Country, RETA IPF for relevant year</p>	<p>\$4 million</p>

ADB = Asian Development Bank, ADTA = advisory technical assistance, JSF = Japan Special Fund, PPTA = project/ program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

**Table A6.26: Education Sector Development Project**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	AWEH
Type of TA (ADTA, PPTA, RETA):	PPTA
Name of Loan Project to follow (if PPTA):	To be determined
Country/Region (as applicable):	Nepal
Sector/Subsector:	Education
Poverty Classification and Thematic Priorities: <sup>a</sup>	Human Development
Program Year: <sup>b</sup>	2004
Expected Approval Date (mo/yr):	To be determined
Estimated Completion Date:	To be determined
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	Taking into account the inputs in basic and secondary education, conduct an in-depth analysis of the needs of the education sector for more integrated reforms and interventions
2. Relation to Strategic Objectives (How the TA addresses the following.) <ul style="list-style-type: none"> <li>• poverty reduction/thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	Education is a key to poverty reduction and improved quality of human resources will have a significant impact on the country's economy.
3. Scope (specific major components, e.g. capacity building)	To be determined
4. Expected Outcome and Monitorable Indicators	To be determined
5. Previous TA(s) on the Same Theme, in the sector/country/region (last five years) <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	None
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	Ministry of Education and Sports
7. Cost and Financing Plan <ul style="list-style-type: none"> <li>• ADB Financing (JSF, TASF)</li> <li>• Sources other than JSF/TASF</li> </ul>	JSF
8. Country, RETA IPF for relevant year	\$4 million

ADB = Asian Development Bank, ADTA = advisory technical assistance, JSF = Japan Special Fund, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP or the CAP for transition period.