

ASIAN DEVELOPMENT BANK

COUNTRY STRATEGY AND PROGRAM UPDATE (2003–2005)

NEPAL

July 2002

CURRENCY EQUIVALENTS

(as of 01 July 2002)

Currency Unit	–	Nepalese Rupee/s (NRe/NRs)
NRe1.00	=	\$0.0128
\$1.00	=	NRs78.00

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
CSPU	–	Country Strategy and Program Update
GDP	–	gross domestic product
HDI	–	human development index
PPA	–	poverty reduction partnership agreement
SASEC	–	South Asia Subregional Economic Cooperation
TA	–	technical assistance
UNDP	–	United Nations Development Programme

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. FY2002 ends on 15 July 2002.
- (ii) In this report, "\$" refers to US dollars.

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I. CURRENT DEVELOPMENT TRENDS AND ISSUES

A. Recent Political and Social Developments

1. Nepal is facing a serious and violent insurgency that has adversely affected the economy and development work. Despite efforts by the Government to seek a negotiated settlement with the insurgents, the latter broke off talks in November 2001 and announced an end to the cease-fire agreed in July 2001. A series of attacks in different parts of the country against the security forces followed, including for the first time direct attacks on the army. The upsurge of violence prompted the Government to declare a state of emergency on 26 November 2001, for an initial period of 3 months, and for the first time to mobilize the army against the insurgents. The Government also declared the insurgency a terrorist movement.¹ Although the insurgency was initially concentrated in the mid-west and parts of the central region, it is now a much more widespread phenomenon. Violent incidents have continued during the state of emergency. Following large-scale attacks on the security forces in Achham and Salyan districts, Parliament extended the state of emergency for a further 3 months until 25 May 2002. Shortly before the expiration of the state of emergency, the Prime Minister dissolved the Lower House of Parliament on 22 May 2002 and called for midterm elections in November 2002. This action was prompted by a difference of views within the ruling party over the proposed extension of the state of emergency. Subsequently, the state of emergency was reimposed through a royal ordinance for 3 months until 26 August 2002. The Government is now expected to focus primarily on the forthcoming elections, which face a serious challenge given the security situation.

2. The recent upsurge of violence has hindered delivery of basic services, and both public and private sector activities, adversely affecting livelihoods, particularly in rural areas. Efforts to restore law and order have to go hand in hand with renewed efforts to strengthen development activities, especially at the grassroots level and in remote areas. Despite significant progress in many areas of development in the last decade, a widespread perception remains that socioeconomic and regional inequities have worsened. Poor governance, including corruption, has also undermined Nepal's development efforts. However, success in tackling these problems will also depend on the wider commitment of all the stakeholders, including politicians and the bureaucracy.

B. Economic Assessment and Outlook

3. Although overall economic performance of Nepal in FY2001 remained generally favorable, FY2002 performance indicates a sharp deterioration. Gross domestic product (GDP) slowed to 5.0% in FY2001 from 6.1% of FY2000, with the slowdown mainly attributed to weaker agriculture sector performance, a sharp deceleration in manufacturing, and continued weakness in tourism. Inflation remained at 2.4% in FY2001, the lowest in more than 20 years. Despite a strong 16% increase in domestic revenue, the fiscal deficit widened to 4.2% of GDP in FY2001, mainly due to increased spending on security, and a salary increase and voluntary early retirement scheme for civil servants.

4. Since the end of FY2001, however, the economy has sharply deteriorated, and the short- to medium- term prospects are uncertain. The series of domestic and external shocks,

¹ The Terrorist and Disruptive Activities Bill was passed by Parliament on 4 April 2002, allowing preventive detention/imprisonment of anyone deemed to be engaged in terrorist activities without reverting to the judicial process, and for terrorist cases to be dealt with by special courts.

including the tragic deaths of the members of the royal family in June 2001, the upsurge of violence associated with the insurgency, the impact of 11 September events in the United States, and the state of emergency, have led to a significant downturn in the tourism and manufacturing sectors. Growth in real GDP is forecast to decline to less than 1% in FY2002, from 5.0% in FY2001. Reflecting the uneven monsoon (mainly during June-August 2001) in the Eastern region, agriculture is forecast to grow at 1.7% in FY2002, down from 4.2% in FY2001. As manufacturing and tourism-related services continue to suffer from the insurgency and external conditions, the industry and service sectors are projected to grow at less than 1% in FY2002, falling sharply from their past 5-year averages of 5.1% and 6.0%, respectively. Inflation is forecast to be less than 3%, reflecting weak domestic demand. Revenue collection has slowed to about NRs38 billion during the first 10 months of FY2002, and will be significantly below the budget target of NRs60 billion; expenditure pressures from rising security expenditures are increasing. The fiscal deficit is expected to remain around 4.5% in FY2002 almost the same as FY2001. However, the deficit has been contained only through substantial cuts in development expenditure and other expenditure prioritization measures. If the current scenario does not improve quickly, pressure on development expenditures, including the counterpart funds for foreign-aided projects, will remain intense in FY2003, and undermine medium- to long- term economic growth prospects.

5. Given the continuing economic slowdown and the deteriorating fiscal position, prudent public resource and debt management reform is urgently needed to ensure fiscal stability and effective use of the country's limited resources to target widespread poverty, one of the root causes of the insurgency. This will require a marked improvement in domestic and external resource and expenditure management. As the Government envisaged in its Medium-Term Expenditure Framework and the approach paper to the Tenth Plan (FY2003–2007) prepared in February 2002, the Government needs to continue its efforts to mobilize domestic resources through more broad-based tax reforms, and clear prioritization of development expenditures based on realistic resource estimates must be undertaken to maximize development impact of public investments.

C. Implications for the Country Strategy and Program

6. Nepal is now at a critical juncture, facing formidable challenges from the violent insurgency, its deteriorating fiscal position, and political uncertainties. While the Government is trying to restore law and order, recent events suggest that it may take time for the situation to return to normal. Pressures on the economy, and thus the fiscal position of the Government, will remain, and have a significant impact on operations of the Asian Development Bank (ADB) in Nepal. Reducing poverty through improved delivery of services and effective governance remain essential to a lasting solution to the insurgency. ADB's country strategy and priorities remain fully consistent with these objectives. Effective implementation of government policies, projects, and programs will also be critical in contributing to resolving the conflict. Given the worsening fiscal situation, ADB and other development partners will need to provide more program assistance to support the Government's reform agenda. While carrying out development activities in the most seriously insurgency-affected areas is difficult, the withdrawal of development activities from these areas only exacerbates the situation. Like its other development partners, ADB will need to work with the Government to devise ways to remain engaged in supporting development activities in affected areas, rather than trying to work around the conflict. Ensuring a strong and direct antipoverty focus and strong community participation in all projects and programs, therefore, is critical. Working more closely with local government at the district level will also help, although institutional strengthening of

decentralized bodies is necessary to ensure accountability and effective implementation. The future course of the insurgency is difficult to gauge. While the security forces have begun to exert considerable pressure on the insurgents, a dramatic turnaround is unlikely in the absence of a political and negotiated solution. However, given the significant uncertainty in the short to medium term, the Government and ADB will need to show flexibility in carrying forward the proposed 2003–2005 program.

II. IMPLEMENTATION OF THE COUNTRY STRATEGY AND PROGRAM

A. Progress under the Poverty Partnership Agreement

7. To formalize a sustainable partnership defining a long-term vision and setting out short-, medium-, and long-term priorities and targets for reducing poverty, a poverty reduction partnership agreement (PPA) was signed by the Government and ADB in Kathmandu on 21 October 2001.² The implementation of the PPA is still in the initial stage, but owing largely to the insurgency, macroeconomic indicators are currently lagging. The Government has taken encouraging steps, including a June 2002 approval by Cabinet of an immediate action plan to expedite reforms with special focus on prioritization of public expenditure, improvement of service delivery, and enhancement of accountability. However, progress against PPA targets in the areas of broad-based growth and social development cannot be assessed yet, although progress is already evident in good governance (paras. 10–11).

B. Progress in the Country Strategy and Program Focus Areas

1. Human Development

8. Nepal recorded a significant improvement in the human development index (HDI)³ of the United Nations Development Programme (UNDP) between 1990–2000. Specific progress contributing to the improved HDI index includes longer life expectancy at birth, increased literacy rates, and progress in physical access to primary education and basic health care.⁴ Nonetheless, indicators remain low, even by South Asian standards, with poverty concentrated among the rural poor, women, and various disadvantaged groups. The major challenge facing Nepal remains overcoming the low levels of human development, high population growth, and poor quality of service delivery, made increasingly difficult by the isolating effect of the insurgency on the Government in rural areas.

2. Gender

9. A critical factor in increasing the level of human capital is improving the status of women in Nepal where large numbers in rural areas are severely underprivileged.⁵ The Government has taken some steps to improve the status of women through such initiatives as recent amendments to the Civil Code that repeal some discriminatory laws against women and recent establishment of the National Women's Commission.⁶ However, the results of these efforts are

² The Government is developing the Tenth Plan as its poverty reduction strategy.

³ While the HDI value for Nepal was 0.42 in 1987 (114th rank among 130 countries), by 1999, the value has significantly increased to 0.48 (129th rank among 162 countries). The HDI is published annually in the United Nations Development Programme's (UNDP's) *Human Development Report*.

⁴ While the establishment of health posts in village development committees has improved access, this gain is jeopardized by the destruction of many village development committee buildings by insurgents.

⁵ Nepal ranks 120th among 146 countries in current gender development index of the UNDP; the maternal mortality rate remains one of the highest in Asia and women's participation is well below the average.

⁶ Under the amended Civil Code, however, gender disparity remains a major issue as women are required to forfeit their rights to parental property upon marriage.

likely to remain limited unless gender disparities in educational and health opportunities, ownership of assets, mobility, and access to productive resources are reduced. ADB continues to support Government efforts to enhance the status of women through gender mainstreaming and targeted assistance for women's empowerment.

3. Governance

10. The Government has made some progress in civil service reform, initially with a pay increase for civil servants and downsizing through a voluntary early retirement scheme. About 17,000 vacant positions in the civil service have remained frozen since 2000, and the Cabinet in June 2002 agreed to eliminate 7,500 of these positions by September 2002. Under an ADB technical assistance (TA), the Ministry of General Administration is proceeding with installation of the computerized civil service personal information system to replace the manual record-keeping system to improve accountability and transparency of the civil service. In the area of anticorruption reform, the Government has taken several actions over the past year, including Parliament's approval of four anticorruption bills in April 2002.⁷ Provisions for the establishment of a national vigilance center, and declaration of property and income by all public servants are among the provisions included in the revised legislation. In 2002, the Government also joined the Asia Pacific Group on Money Laundering, and has committed to drafting anti-money-laundering legislation and tabling it to Parliament by early 2003.

11. In January 2002, the Government approved the new Decentralization Implementation Plan, and charged the line ministries with its implementation. Implementation of the Government's decentralization policy is important to bring development and poverty reduction planning and implementation closer to its intended beneficiaries. Some progress has been achieved in the area of decentralization and devolving responsibility for key service areas (primary education, agriculture extension, and health-service delivery) to local bodies. A recent Cabinet decision in June 2002 commits the Government to channeling funds through local bodies in these key areas from FY2003.⁸

4. Agriculture and Rural Development

12. A recently completed agriculture sector performance review shows that agricultural policy reforms have positively impacted agriculture.⁹ The availability of agriculture extension services, improved seeds, and modern technology from both the Government and private sector entities has increased substantially contributing to a strong performance for high-value crops such as fruits, vegetables, and tea. Production of milk, meat, and eggs continues to grow more rapidly, fueled by increasing private sector participation in marketing and processing. Availability and use of chemical fertilizer continues to increase through the participation of the private sector in fertilizer importation, although some problems in quality remain. Progress is partly attributed to a more market-oriented system of agricultural inputs and outputs, and the participatory approach increasingly adopted in agricultural research. To promote market-driven agriculture research and development, in December 2001 the Government established a national committee to administer funds for agricultural research and development, as an interim measure to a fully autonomous Nepal agriculture research and development fund. The results of these

⁷ Anticorruption Bill, Commission for Abuse of Authority Bill, Impeachment Bill, and Special Court Bill.

⁸ However, the Government's declaration of a state of emergency and mobilization of armed forces to quell the escalating insurgency in November 2001 has affected development activities in districts, including the implementation of the Decentralization Implementation Plan through local government.

⁹ Prepared by the Ministry of Agriculture and Cooperatives (2002). ADB. 2000. *Technical Assistance to Nepal for the Agriculture Sector Performance Review*. Manila.

reforms, however, are quite fragile and assistance under the Country Strategy and Program (CSP) for 2003–2005 is designed to strengthen market orientation, participation, and decentralization.

5. Energy

13. The Government has taken a number of steps to improve the long-term financial sustainability of the power sector including adjusting power tariffs, introducing an annual automatic tariff increase to keep pace with inflation, passing legislation to limit electricity theft, and developing an action plan to reduce municipal arrears at Nepal Electricity Authority. The Government has included restructuring of the Nepal Electricity Authority as an official policy objective in the new Hydropower Policy and is working to create an enabling framework for a more commercially oriented, efficient sector. However, progress in electrification, particularly in rural areas, is still low.¹⁰ Recognizing the importance of rural electrification in its poverty reduction strategy, the Government is striving to expand its rural electrification program. Assistance under the CSP for 2003–2005 will continue to support these Government initiatives.

6. Education

14. Progress in the education sector is reflected in the increase in enrollment rates for both girls and boys, and in the area of physical access to primary education.¹¹ Recent progress in the area of decentralization, with relevance for the education sector, includes the decisions made by the Government in June 2002 (i) to channel funds for primary education in all 75 districts through the district development committees from FY2003; and (ii) to hand over the management of 100 primary schools in five pilot districts to their respective school management committees in 2002. The 7th amendment of the Education Act and the associated regulations, approved in May 2002, should also facilitate community empowerment for school financing. However, the challenges remain enormous in this sector, with core needs being teacher education and supervision, and improved school management by delegating authority and resources to the local level. ADB continues to support these Government efforts through the lending and nonlending program.

7. Regional Cooperation

15. The South Asian Subregional Economic Cooperation (SASEC) initiative supported by ADB aims to assist the development of project-level initiatives involving bilateral and trilateral linkages between Bangladesh, Bhutan, India, and Nepal. Recent progress in areas of cooperation under SASEC has been made with a series of working group meetings in the energy and power, transport, environment, tourism, and trade and investment sectors between March and July 2002. These meetings focused on prioritizing the potential subregional projects and programs for the corresponding sector. Potential areas for funding by ADB and others are being identified, and those with direct relevance for Nepal include (i) development of Nepal's hydropower resources for subregional development, (ii) development of rural electrification using the Bangladesh cooperative model, and (iii) establishment of the SASEC Tourism Center in Kathmandu with the aim of developing and implementing programs for subregional tourism development.

¹⁰ The electrification rate is only 18% on a national basis, and 5% in rural areas.

¹¹ UNDP. 2001. *Human Development Report*. New York. The report notes that, except for isolated cases, virtually all children in Nepal are now within 30 minutes of a primary school.

C. Highlights in the Coordination of External Funding and Partnership Agreements

16. Significant progress has been made in the areas of aid coordination and collaboration in Nepal, under the Government's leadership. The growing partnership among development agencies steered by the Government was a key theme of the Nepal Development Forum 2002, held for the first time in Nepal. To strengthen aid coordination and effectiveness, in March 2002 the Government finalized its Foreign Aid Policy, prepared in cooperation with its development partners, with input from civil society. Preliminary meetings have been held in 2002 with representatives of the UNDP and World Wildlife Fund on operationalizing their cooperative agreements with ADB at a country level.

17. On specific project and program levels, in 2002 the Swiss Development Corporation agreed to fund two key TAs for awareness building and program monitoring under the Government's Governance Reform Program, which is assisted by ADB. Efforts to secure joint cooperation and joint financing for ADB-assisted projects and programs in the pipeline for 2003–2005 continue. ADB is working jointly with Danish International Development Agency to finance the first phase of a secondary education support program. Progress to date has included a joint appraisal for the project in June 2002. ADB is also working with various funding agencies to adopt a coordinated approach to sector development in rural water supply and sanitation. Cooperative efforts in 2002 have included an agreement with the United Kingdom's Department for International Development and United Nations Children's Education Fund for collaboration in implementing the ADB-assisted project preparatory TA for the proposed community-based rural water supply and sanitation project.

III. PORTFOLIO MANAGEMENT ISSUES

A. Portfolio Performance

18. Cumulative public sector lending to Nepal totals 97 loans amounting to \$1.9 billion, of which 22 are ongoing.¹² In 2001, ADB approved three loans amounting to \$95.6 million in the social infrastructure, transport and communications, and other sectors. Five TAs totaling \$4 million and two grant-financed projects totaling \$10.4 million were approved in 2001. As of 31 May 2002, four TAs totaling \$1.85 million have been approved this year. While Nepal's disbursement ratio performance exceeded the ADB-wide Asian Development Fund (ADF) average since 1999, the disbursement ratio declined to 16.6 in 2001, compared with an ADB-wide ADF average of 18.8%, owing primarily to effectiveness of a large loan in the last quarter of 2001. The net amount of active loans as of 31 May 2002 was \$680 million, with a cumulative total of \$308 million achieved in contract awards and commitments (45% of the net loan amount) and \$296 million achieved in disbursements (44% of the net loan amount). In 2001, contract awards amounted to \$36.3 million and disbursements amounted to \$57.2 million, or 127% and 102% of their projected levels.

19. Provision of counterpart funds has not been a problem in recent years but could now become an issue given the growing fiscal crisis, and will depend upon program and budgetary support from funding agencies. Transfers of key project staff have become less frequent in the last few years and continued in the past year, leading to greater effectiveness in project implementation. Submission of audited project accounts is generally satisfactory. However, the involvement of local communities and excluded groups during project formulation and

¹² This includes the Road Network Development Project, approved in 2001, which is not yet effective.

implementation, and greater attention to gender issues in development in projects need to be improved to maximize project impact.

20. The 2001 Country Portfolio Review Mission, conducted jointly with the Government, World Bank, and Japan Bank for International Cooperation, discussed generic issues concerning project implementation including (i) quality at entry, (ii) procurement management, (iii) financial management, (iv) project management and staffing, (v) project monitoring and evaluation, (vi) security, and (vii) the impact of the Government's decentralization plan on the implementation of ongoing projects. A midterm review of the joint Action Plan to improve portfolio performance held in February 2002 showed noncompliance with nearly half of the 25 time-bound agreed actions. However, there has been some improvement recently. The latest progress shows that 13 of 25 time-bound actions have been complied with. Of the remaining 12 time-bound actions, 9 have been partly complied with and the remaining 3 have not been complied with.¹³ In July 2001 the Ministry of Finance commenced cochairing ADB's bimonthly project managers' meetings to address implementation issues of ADB-assisted projects.¹⁴ Although the overall implementation performance of ongoing ADB-assisted projects seems satisfactory, the following generic issues that have adversely affected portfolio performance were identified: (i) poor quality of civil works, (ii) slow decision making by Government, (iii) slow progress in implementing policy reforms, and (iv) delayed compliance with loan effectiveness conditions. Five projects, or 23% of ADB-assisted projects, are classified at risk.

B. Performance Monitoring and Evaluation

21. 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 to ensure the sustainability of poverty reduction investments, and need, in particular, to proactively monitor project implementation and the performance of project managers. This remains a key element of ADB's policy dialogue with the Government. Of the 38 projects evaluated, 20 were generally successful (53%), 10 partly successful (26%), and 8 unsuccessful (21%). In May 2002, an evaluation was undertaken for the East Rapti Irrigation Project.¹⁵ The project was rated successful largely due to active farmer participation throughout the project cycle, strengthening the water users associations, and reformulating the project design to focus on existing farmer managed irrigation systems for a more cost-effective and environmentally sensitive project.

IV. COUNTRY PERFORMANCE AND ASSISTANCE LEVELS

A. Lending Level Proposed

22. Based on the performance-based allocation exercise, indicative ADF lending of \$300 million is programmed for 2003–2005. This corresponds to an average of \$100 million lending per annum.¹⁶ The proposed level of ADF allocation is subject to change, depending on the outcome of the annual performance-based allocation exercise in each of the 3 years. Further,

¹³ Areas of noncompliance include actions related to financial management and staffing, and project monitoring and evaluation. Reasons for reduced impact of development aid on poverty levels remain: (i) 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.

¹⁴ Minutes of each meeting are summarized in a letter to the Prime Minister.

¹⁵ ADB. 1987. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Nepal for the East Rapti Irrigation Project*. Manila.

¹⁶ The actual annual average ADF lending in 1997–2001 was \$98.6 million.

the assessment of the country's performance against the country-specific performance triggers will determine the base, high, and low ADF lending scenarios (Appendix 1, Table A.12).

23. The proposed lending program for 2003–2005 consists of 14 projects (Appendix 1, Table A1.10), of which poverty intervention projects constitute 93% of the total program. The lending program supports the Government's poverty reduction strategy, focusing on rural development, improvements in basic services and infrastructure, women's empowerment, and private sector development. Major emphasis in the program is placed on improving access to basic resources, in particular, those resources most vital to escaping poverty, and the removal of institutional constraints that constrain the poor from accessing these resources. Access to priority inputs (e.g., fertilizers, irrigation, roads, electricity, and agricultural technology) with suitable credit and extension services is crucial to effectively improve rural poverty. Six projects for \$135 million will essentially support these areas. Three projects for \$85 million will support accessibility to basic social services including education, safe drinking water, and sanitation. Two projects will support creating an enabling environment for private sector development. An agribusiness project is also included to support greater private sector involvement in the post-harvest, agro-processing and trade areas. ADB assistance will be planned and formulated to enhance economic opportunities and status of women in, for example, agriculture, rural finance, education, and water supply and sanitation. A women's empowerment project is included to equip women to participate more equitably in mainstream development. Concept papers for lending products are in Appendix 2.

B. Nonlending Program

24. The nonlending program focuses on institutional strengthening and capacity building needed to develop more effective sectoral institution and project preparation. The proposed TA program for 2003–2005 includes 23 TAs for a total of \$12 million (Appendix 1, Table A1.11). This is equivalent to an average of about \$4 million a year. Given the increasing scarcity of TA resources, concerted efforts will be required to augment the resources through cofinancing. To strengthen the lending pipeline, the TA program is largely focused on project preparatory activities. Five TAs are included to support strengthening institutional capacity for project implementation. The economic and sector work program forms the basis for ADB's support for policy reform, capacity building, and institutional strengthening in Nepal. Five planned studies will provide guidelines for future ADB interventions. Concept papers for nonlending products are in Appendix 3.

C. Summary of Changes to the Lending and Nonlending Program

25. The second rural infrastructure sector development project and the ecotourism project have been added to the 2003 loan program, deferred from the 2002 loan program owing to the security situation, which has for the time being curtailed necessary visits to some project areas. The technical/information and communications technology education project (previously the nonformal education project)¹⁷ and the community-managed irrigation in central and eastern basins project (previously the third irrigation project) have been deferred to 2004. The smallholder livestock development project has been advanced in 2004 to a firm project from a standby project.

¹⁷ Since nonformal education is a major component under the women's empowerment project, the Government expressed concern about duplication and overlapping with the nonformal education project. The Government requested ADB to assist in the information and communications technology/vocational education subsector, given its importance for addressing unemployment of youth and no major funding support in this subsector.

Table A1.1: Progress Toward the Millenium Development Goals and Targets

Goals and Targets	Country Status
Goal 1: Eradicate Extreme Poverty and Hunger	
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1/day.	Percentage of population below national poverty line is estimated to be reduced from 42.0% in 1996 to 38.0% in 2000.
Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.	Prevalence of underweight children under 5 years of age) was reduced from 57.0% in 1990 to 48.3% in 2000. Proportion of population below minimum level of dietary energy consumption was reduced from 49.0% in 1992 to 47.0% in 2000.
Goal 2: Achieve Universal Primary Education	
Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.	Net enrolment rate in primary education improved from 64.0% in 1990 to 72.1% in 2000. Proportion of pupils starting grade 1 who reach grade 5 increased from 38.0% in 1994 to 45.0% in 1999. Literacy rate of 15–24 year olds improved from 49.3% in 1991 to 74.1% in 2000.
Goal 3: Promote Gender Equality and Empower Women	
Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and in all levels of education no later than 2015.	Ratio of girls and boys in primary education increased from 56.0 in 1990 to 78.0 in 1999. Ratio of girls to boys in lower secondary education improved from 41.0 in 1990 to 71.0 in 1999. Ratio of literate females to males of 15–24 year olds increased from 0.48 in 1991 to 0.77 in 2000. Percentage of girls to boys in primary education (gross enrollment) increased from 56.0% in 1990 to 78.0% in 1999. Percentage of girls to boys in lower secondary education (gross enrollment) increased from 41.0% in 1990 to 71.0% in 1999.
Goal 4: Reduce Child Mortality	
Target 5: Reduce by two thirds, between 1990 and 2015, the under-5 mortality rate.	Under-5 mortality rate (per 1,000 livebirths) decreased from 161.6 in 1989 to 91.0 in 2000. Infant mortality rate was reduced from 165.0 in 1992 to 64.0 in 2000.

Goals and Targets	Country Status
Goal 5: Improve Maternal Health	
Target 6: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.	<p>Maternal mortality ratio (per 100,000 live births) decreased from 850.0 in 1988 to 539.0 in 1996.</p> <p>Percentage of deliveries attended by skilled health personnel increased from 7.4% in 1991 to 10.8% in 2001.</p>
Goal 6: Combat HIV/AIDS, Malaria, and Other Diseases	
Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS.	<p>HIV prevalence among 15–49 year-old pregnant women was 0.0% in 1990 and 0.29% in 1999.</p> <p>Contraceptive prevalence rate improved from 24.1% in 1991 to 38.9% in 2001.</p>
Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases.	<p>Number of malaria cases per 100,000 people decreased from 115.0 in 1992 to 29.0 in 1997.</p> <p>Number of tuberculosis cases per 100,000 people was 92.3 in 1995 to 106.0 in 1998.</p>
Goal 7: Ensure Environmental Sustainability	
Target 9: Integrate the principles of sustainable development into country policies and programs, and reverse the loss of environmental resources.	<p>Percentage of change in square kilometers of forest land was 37.4% in 1986 and 29.0% in 1995.</p> <p>Percentage of land area protected to maintain biological diversity increased from 10.95% in 1990 to 18.11% in 2000.</p>
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water.	Proportion of population without sustainable access to drinking water supply decreased from 54.1% in 1991 to 20.1% in 2000.
Target 11: By 2020, achieve a significant improvement in the lives of at least 100 million slum dwellers.	Percentage of people with access to improve sanitation (access to toilets only) increased from 6.0% in 1992 to 20.0% in 2000.

Sources: United Nations Development Programme. 2002. *Progress Report 2002: Nepal-Millennium Development Goals*. Kathmandu; National Planning Commission. 2002. *Approach Paper of the Tenth Plan*. Kathmandu; Central Bureau of Statistics (CBS). 1999. *Report on the Situation of Women, Children and Households (between Census Household Information, Monitoring and Evaluation System)*; CBS. 1996. *Nepal Living Standards Survey Report*. Kathmandu.

Table A1.2: Country Economic Indicators

Item	Fiscal Year				
	1997	1998	1999	2000	2001 ^a
A. Income and Growth					
1. GDP per Capita (\$, current)	234	226	228	244	239
2. GDP Growth (% in constant prices)	4.9	3.3	4.4	6.1	5.0
Agriculture	4.1	1.0	2.7	5.0	4.0
Industry	6.4	2.3	6.0	8.2	2.5
Services	4.6	6.4	5.6	6.3	7.3
B. Saving and Investment (current and market prices)					
			(% of GDP)		
1. Gross Domestic Investment	25.3	24.8	20.5	23.3	24.4
2. Gross National Saving	16.0	16.2	17.1	18.9	20.5
C. Money and Inflation					
			(annual % change)		
1. Consumer Price Index ^b	8.1	8.4	11.3	3.5	2.4
2. Total Liquidity (M2)	11.9	21.9	20.8	21.8	14.9
D. Government Finance					
			(% of GDP)		
1. Revenue and Grants	12.7	12.3	11.5	12.2	13.9
2. Expenditure and Onlending	16.5	16.9	15.4	15.5	18.1
3. Overall Fiscal Surplus (Deficit)	-3.9	-4.6	-3.9	-3.3	-4.2
E. Balance of Payments					
1. Merchandise Trade Balance (% of GDP)	-25.3	-20.5	-15.2	-14.6	-13.7
2. Current Account Balance (% of GDP)	-9.4	-8.7	-3.3	-4.5	-4.4
3. Merchandise Export (\$) Growth (annual % change)	10.2	11.9	18.2	42.4	3.7
4. Merchandise Import (\$) Growth (annual % change)	21.7	-12.4	-10.3	20.2	-0.9
F. External Payments Indicators					
1. Gross Official Reserves (including gold, \$ million)	647.0	712.0	791.0	942.0	1,018.0
Months of current year's imports of goods	4.2	5.2	6.3	6.4	6.9
2. External Debt Service (% of exports of goods and services)	4.5	6.1	6.1	5.9	3.9
3. Total External Debt (% of GDP)	53.5	53.8	53.2	50.3	46.6
G. Memorandum Items					
1. GDP (current prices, NRs billion)	280.5	300.8	342.0	379.7	409.3
2. Exchange Rate (NRs/\$, average)	57.0	61.9	67.9	69.0	73.8
3. Population (million)	21.0	21.5	22.0	22.5	23.2

GDP=gross domestic product.

^a Preliminary estimates.

^b Annual percentage change (period average).

Sources: Ministry of Finance. 2001. *Economic Survey*. Kathmandu; Central Bureau of Statistics. 2001. *National Accounts of Nepal*. Kathmandu; and additional information provided to staff.

Table A1.3: Country Poverty and Social Indicators

Item	Period			
	1985	1990	Latest Year	
A. Population Indicators				
1. Total Population (million)	16.2	17.9	22.6	(2000)
2. Annual Population Growth Rate (% change)	2.1	2.1	2.2	(1999)
B. Social Indicators				
1. Total Fertility Rate (births/woman)	5.3 (1981)	5.1 (1991)	4.8	(1995-2000)
2. Maternal Mortality Rate (per 100,000 live births)	—	—	540.0	(1999)
3. Infant Mortality Rate (below 1 yr/1,000 live births)	156 (1974)	128	75.0	(1999)
4. Life Expectancy at Birth (years)	45	54	57.3	(1995-2000)
Female	45	53	57.8	(1999)
Male	48 (1981)	55	58.3	(1999)
5. Adult Literacy (%)	24 (1981)	40 (1991)	40.4	(1999)
Female	—	—	—	
Male	—	—	—	
6. Primary School Gross Enrollment (%)	75	103	114	(1995)
7. Secondary School Gross Enrollment (%)	25	31	48	(1995)
8. Child Malnutrition (% below age 5)	—	70 (1989-1995)	47	(1995-2000)
9. Population Below Poverty Line (International, %)	—	—	42	(1999)
10. Population with Access to Safe Water (%)	28 (1980-1985)	—	81	(1999)
11. Population with Access to Sanitation (%)	—	—	27	(1999)
12. Public Education Expenditure (% of GDP)	2.2	1.7	3.2	(1995-1997)
13. Human Development Index	0.42	0.17 (1990)	0.48	(1999)
Rank	114/130 (1987)	152/173 (1990)	129/150	(1999)
14. Gender-Related Development Index	—	0.327 (1995)	0.461	(1999)
Rank	—	148 (1995)	120	(1999)
C. Poverty Indicators				
1. Poverty Incidence	—	—	42	(1996)
2. Percent of Poor to Total Population	—	—	42	(1996)
Urban	—	—	23	(1996)
Rural	—	—	44	(1996)
Mountain	—	—	56	(1996)
Hills	—	—	41	(1996)
Terai	—	—	42	(1996)
3. Poverty Gap	—	—	12.1	(1996)
4. Poverty Severity Index	—	—	0.05	(1996)
5. Inequality (Theil L Index)	—	—	—	
6. Human Poverty Index	—	—	44.2	(1996)
Rank	—	—	77	(1996)

— = not available; GDP=gross domestic product.

Sources: Asian Development Bank. 1999. *Women in Nepal*. Manila; United Nations Development Programme. 1993 and 2001. *Human Development Report*. New York; Ministry of Finance. 2001. *Economic Survey*. Kathmandu; Nepal South Asia Centre. 1998. *Nepal: Human Development Report*. Kathmandu; Central Bureau of Statistics. 1996. *Nepal Living Standards Survey Report*. Kathmandu.

Table A1.4: Country Environment Indicators

Indicator	1980	Latest Year
A. Energy Efficiency of Emissions		
1. GDP/Unit of Energy Use (PPP\$/kgoe)	1.5	3.5 (1998)
2. Traditional Fuel Use (% of total energy use)	94.2	89.6 (1997)
3. Carbon Dioxide Emissions		
Tons	0.5	1.6 (1996)
Tons per capita	0.0	0.1 (1997)
B. Water Pollution: Water and Sanitation		
1. % Urban Population with Access to Basic Water Supply	—	72.6 (2001)
2. % Rural Population with Access to Basic Water Supply	—	71.3 (2001)
3. % Urban Population with Access to Basic Sanitation	—	53.0 (2001)
C. Land Use and Deforestation		
1. Forest Area (thousand km ²)	64 (1964)	48.0 (1996)
2. Average Annual Deforestation		
Square kilometers	—	548.0 (1990-1995)
% change	—	1.1 (1990-1995)
3. Rural Population Density (people/km ² of arable land)	—	668.0 (1996)
4. Arable Land (% of total land)	16.0	20.3 (1997)
5. Permanent Cropland (% of total land)	0.2	0.5 (1997)
D. Biodiversity and Protected Areas		
1. Nationally Protected Area		
thousand km ²	—	11.1 (1996)
% of total land	—	7.8 (1996)
2. Mammals (number of threatened species)	—	28.0 (1996)
3. Birds (number of threatened species)	—	27.0 (1996)
4. Higher Plants (number of threatened species)	—	20.0 (1997)
5. Reptiles (number of threatened species)	—	5.0 (1996)
6. Amphibians (number of threatened species)	—	0.0 (1996)
E. Urban Areas		
1. Urban Population		
Millions	0.9	3.3 (2001)
% of total population	7.0	14.2 (2001)
2. Per Capita Water Use (liters/day)	—	80.0 (1999)
3. Wastewater Treated (%)	—	0.0 (1999)
4. Solid Waste Generated Per Capita (g/day)	—	0.5 (1994 est.)

— = not available, GDP = gross domestic product, kgoe=kilograms of oil equivalent, km²=square kilometer, PPP=purchasing power parity.

Sources: National Planning Commission Secretariat & Central Bureau Of Statistics. 1998. *A Compendium on Environment Statistics 1998*. Nepal; World Bank. 2000. *World Development Indicators*; 1998-1999 *World Resources: A Guide to the Global Environment*; ADB. 1993. *Regional Technical Assistance to Nepal for the Data on Environmental Indicators for Participating DMCs*. Manila; United Nations Development Programme. 2001. *Human Development Report*. New York.

Table A1.5: Development Coordination Matrix

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
Agriculture and Rural Development	Strategy: Rural income growth through initiatives in crop diversification, irrigation, rural electrification, livestock, and rural finance Activities: <ul style="list-style-type: none"> • Microcredit for women • Irrigation, community groundwater • Rural roads • Crop diversification • Small livestock development 	World Bank Strategy: Support for implementation of Agriculture Perspective Plan (APP) program and prioritized investment program Activities: <ul style="list-style-type: none"> • Agriculture research and extension • Irrigation and food/high value crop development
		United Kingdom's Department for International Development Strategy: Effective implementation of APP, while addressing social constraints Activities: <ul style="list-style-type: none"> • Agriculture research, extension, and expansion of seed industry • Development of agricultural technologies • Improving rural livelihoods and security
		United States Agency for International Development Strategy: Increased sustainable production and high-value agricultural products Activities: <ul style="list-style-type: none"> • Strengthen role of private sector in marketing agricultural products • Improve irrigation efficiency through farmer participation
		Deutsche Gesellschaft für Technische Zusammenarbeit Strategy: Capacity building of district institutions and grassroots organizations for regional rural development Activities: <ul style="list-style-type: none"> • Self-help promotion and local resource mobilization • Institutional credit and rural community infrastructure
		Japan Strategy: Support for effective implementation of the APP Activities: <ul style="list-style-type: none"> • Provision of fertilizer • Agriculture marketing and improvement of storage facilities • Horticulture, livestock, and fishery development

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
		<p>Canadian International Development Agency Strategy: Improve service delivery with focus on capacity building/poorer groups Activities: • Technical support for groundwater irrigation development</p> <p>Australia Strategy: Rural income growth and increased access to resources Activities: • Third Livestock Project/capacity building/agricultural research • Rural infrastructure/rural finance</p>
Education	<p>Strategy: Improve quality of basic education and retention rates, particularly for girls, through teacher training and improvements in secondary education</p> <p>Activities: • Primary teacher training • Secondary education/capacity building/curriculum development</p>	<p>World Bank Strategy: Improve quality and sector management through decentralization of education management and financing Activities: • Basic and primary education • Support for higher education development</p> <p>Japan Strategy: Enhanced access to quality, basic education Activities: • Improved physical facilities in schools • Curriculum and textbook development • School construction under Basic and Primary Education Program</p> <p>United Kingdom's Department for International Development Strategy: Improve aid coordination and develop sectorwide approach Activities: • Community literacy program • Support for secondary education based on sectorwide approach</p> <p>Norway Strategy: Strengthen institutional capacity to deliver more efficient basic and primary education Activities: • Basic and Primary Education Program</p>

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
		<p>Denmark Strategy: Eliminating gender disparity in primary and secondary education Activities: <ul style="list-style-type: none"> • Nonformal/basic and primary education • Secondary education development program </p> <p>Finland Strategy: Improving access, learning achievement, and retention rates Activities: <ul style="list-style-type: none"> • Basic and primary education, curriculum development and assessment </p>
Water Supply and Sanitation	<p>Strategy: Improve human development through access to safe drinking water and sanitation facilities; improved efficiency of service delivery Activities: <ul style="list-style-type: none"> • Small towns water supply and sanitation project • Melamchi Water Supply Project • Water optimization study in Kathmandu Valley • Fourth Rural Water Supply Project </p>	<p>World Bank Strategy: Efficient development/management of water supply system by the private sector/nongovernment organizations (NGOs)/communities Activities: <ul style="list-style-type: none"> • Private sector management of Nepal Water Supply Corporation • Rural water supply and sanitation through NGOs/community </p> <p>Japan Strategy: Support for basic needs through improved water quality and supply Activities: <ul style="list-style-type: none"> • Enhancement of water supply in Kathmandu </p> <p>United Kingdom's Department for International Development Strategy: Wider access to safe water in difficult and inaccessible areas Activities: <ul style="list-style-type: none"> • Community-based water supply and sanitation in partnership with community-based organizations, NGOs, and international nongovernment organizations (INGOs) • Consensus building on sectorwide approach </p> <p>Norway Strategy: Sufficient drinking water; overall improvement of health and sanitation Activities: <ul style="list-style-type: none"> • Melamchi Water Supply/Diversion Scheme/Social Uplift Program </p>

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
Urban Development	<p>Strategy: Improve human development through healthy urban environment through support for water supply, solid waste management, and sanitation facilities</p> <p>Activities:</p> <ul style="list-style-type: none"> • Support for urban and environmental infrastructure in small towns • Institutional strengthening • Urban environment improvement 	<p>European Union</p> <p>Strategy: Improve economic growth/performance of urban areas to support poverty reduction</p> <p>Activities:</p> <ul style="list-style-type: none"> • Strengthening Kathmandu Municipality • Support for census mapping and information systems <p>Deutsche Gesellschaft für Technische Zusammenarbeit</p> <p>Strategy: Capacity building of municipalities within the decentralization framework to reduce urban poverty</p> <p>Activities:</p> <ul style="list-style-type: none"> • Urban development through local efforts • Town Development Fund Board/ municipal finance management
Power/Energy	<p>Strategy: Increase access to electricity in rural areas and improve efficiency of service delivery through improved financial performance and commercialization of Nepal Electricity Authority (NEA)</p> <p>Activities:</p> <ul style="list-style-type: none"> • Private sector hydropower/Khimti hydropower project • Kali Gandaki "A" hydropower project • Distribution system reinforcement and expansion of transmission • Rural electrification • Support for improving financial performance of the NEA 	<p>World Bank</p> <p>Strategy: Optimum joint use of water for irrigation, drinking water and power under overall approach to water resource management</p> <p>Activities:</p> <ul style="list-style-type: none"> • Power Development Fund for private sector power generation • Expansion of transmission and distribution for power exchange with India • Capacity building of NEA <p>United Nations Development Programme</p> <p>Strategy: Support affordable alternative approaches for rural energy for the poor</p> <p>Activities:</p> <ul style="list-style-type: none"> • Support for development of policy and institutional framework • Development of small-scale rural energy systems <p>Norwegian Agency for Development Cooperation</p> <p>Strategy: Sustainable and environment-friendly hydropower development</p> <p>Activities:</p> <ul style="list-style-type: none"> • Support for Jhankre minihydropower plant and rural electrification in Khimti Project area • Khimti Hydropower Project • Regulating and monitoring capacity building for Environmental Impact Assessment of hydropower projects

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
		<p>Japan Strategy: Increase access to electricity in rural areas and improve efficiency Activities: • Hydropower development (Kulekhani and Kali Gandaki Projects)</p> <p>United States Agency for International Development Strategy: Improve private sector participation in environmentally sustainable hydropower development Activities: • Institutional strengthening of NEA • Promotion of private sector participation in hydropower • Support for small hydropower programs</p>
Transport	<p>Strategy: Improve access to markets-and social services, and improve efficiency, focusing on sustainable provision of operation and maintenance</p> <p>Activities: • Road network development • Awareness campaign for rural infrastructure development • East-West highway upgrading improvement</p>	<p>World Bank Strategy: Development of the strategic and rural transport network Activities: • Maintenance and rehabilitation of existing strategic feeder/district roads • Multimodal transport/dry port • Capability building of Dept. of Roads</p> <p>World Food Programme Strategy: Using food as resource to promote participatory and sustainable development of rural areas Activities: • Rural access roads (food-for-work)</p> <p>Swiss Agency for Development and Cooperation Strategy: Maintenance of strategic road network, development of district roads, and community-based pedestrian trail bridges Activities: • Maintenance and rehabilitation of Jiri Road/Arniko highway • Capacity building of Department of Roads • District and rural road development/bridge building</p> <p>Japan Strategy: Expansion of local networks to connect district headquarters with agriculture production for enhancement of rural livelihoods</p>

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
		<p>Activities:</p> <ul style="list-style-type: none"> • Banepa-Sindhuli road • Urban road improvement and traffic management <p>United Kingdom's Department for International Development Strategy: Support for broad-based economic growth through better infrastructure</p> <p>Activities:</p> <ul style="list-style-type: none"> • Rural access/rural roads using labor intensive technologies • Selected feeder roads and local infrastructure development
Finance	<p>Strategy: Improve financial sector performance through greater transparency and information disclosure, and strengthening of regulatory authorities and other agencies.</p> <p>Activities:</p> <ul style="list-style-type: none"> • Corporate and Financial Governance Project including upgrading legislation, capacity building for regulatory, supervisory and service institutions and establishment of national judicial academy • Rural microfinance 	<p>World Bank Strategy: Financial sector reform through withdrawal of government participation in the sector and effective regulatory framework</p> <p>Activities:</p> <ul style="list-style-type: none"> • Privatization of state/quasi-state commercial banks • Strengthening regulatory capacity of the Nepal Rastra Bank/legal framework for sector <p>Deutsche Gesellschaft für Technische Zusammenarbeit Strategy: Link microcredit with technical support agencies and community development</p> <p>Activities:</p> <ul style="list-style-type: none"> • Support for small farmers' cooperatives
Environment and Natural Resources	<p>Strategy: Protect and improve environment to sustain gains in economic growth and human development</p> <p>Activities:</p> <ul style="list-style-type: none"> • Urban environment improvement • Ecotourism/tourism infrastructure development 	<p>Finland Strategy: Improve forest management through capacity building, local participation, and private sector management of forests</p> <p>Activities:</p> <ul style="list-style-type: none"> • Capacity building, information systems, and monitoring and evaluation • Forest resource information system <p>Deutsche Gesellschaft für Technische Zusammenarbeit Strategy: Reducing ecological imbalance in eastern Nepal with focus on people</p> <p>Activities:</p> <ul style="list-style-type: none"> • User group management of forest, soil, energy, and water conservation <p>United Nations Development Programme Strategy: Support conservation and sustainable use of biodiversity assets</p>

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
		<p>Activities: • Promotion of rural tourism to address poverty and protect environment</p> <p>Canadian International Development Agency Strategy: Increase capacity for regionally appropriate, environmentally sound water and energy resource management Activities: • Institutional strengthening of Water and Energy Commission Secretariat</p> <p>Australia Strategy: Improve living conditions through sustainable forest resource use Activities: • Forestry and soil conservation/community resource management</p> <p>Denmark Strategy: Sustainable administration of natural resources Activities: • Forestry extension</p> <p>United Kingdom's Department for International Development Strategy: Support for broad-based economic growth through more effective management of natural resources Activities: • Improve community forestry capability and support user groups</p> <p>Swiss Agency for Development and Cooperation Strategy: Development and implementation of policies and strategies to improve the livelihood of rural people Activities: • Community forestry • Conservation of biodiversity parks</p>
Gender	<p>Strategy: Mainstream gender considerations in macroeconomic and sector work including policy dialogue, lending, and nonlending operations</p> <p>Activities: • Appointment of gender and development (GAD) specialist to improve the quality of loans and technical assistance • Gender trainings for executing agencies/ Resident Mission staff</p>	<p>United Nations Children's Fund Strategy: Improve conditions for women and children through advancing respect, protection and fulfillment of their human rights Activities: • Redefining roles of women/ legal protection and awareness raising programs • Child advocacy programs</p>

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
	<ul style="list-style-type: none"> • Preparation of database and manual on best practices • Support for GAD initiatives with potential for scale up or replication • Women's empowerment project 	<p>United Nations Development Programme Strategy: Mainstreaming gender equity and address gender dimensions of poverty Activities: <ul style="list-style-type: none"> • Empowerment of women/antitrafficking • Gender mapping at local level • Capacity building in legislative area and judiciary </p> <p>United States Agency for International Development Strategy: To increase women's empowerment and involvement in political/social/economic life Activities: <ul style="list-style-type: none"> • Support for women's literacy/ legal rights and advocacy • Microenterprise training </p>
Private Sector	<p>Strategy: Promotion of an enabling environment for private sector activities, including transparent policies and basic mechanisms for corporate and financial governance</p> <p>Activities: <ul style="list-style-type: none"> • Corporate and Financial Governance Project • Support for legal reform (company, secured transactions, insolvency and securities law) • Ongoing loans/investments in four private sector companies • Support for institutions (securities board, judicial academy, stock exchange, accounting institute) </p>	<p>Swiss Agency for Development and Cooperation Strategy: Occupational skills and enterprise development for income generation and employment promotion Activities: <ul style="list-style-type: none"> • Support for technical training, consultancy, and advisory services • Access to credit/small industry promotion • Counseling services for job-seekers </p> <p>Deutsche Gesellschaft für Technische Zusammenarbeit Strategy: Promotion of entrepreneurship development Activities: <ul style="list-style-type: none"> • Small business promotion project/credit program • Industrial Enterprise Development Center </p>
Governance	<p>Strategy: Achieve sustainable reduction in poverty through governance reform in the public sector</p> <p>Activities: <ul style="list-style-type: none"> • Civil service reform/Governance Reform Program • Support for anticorruption measures and Commission for the Investigation of Abuse of Authority (CIAA) </p>	<p>Deutsche Gesellschaft für Technische Zusammenarbeit Strategy: Promote capacity and motivation in state and civil institutions to carry out their development roles Activities: <ul style="list-style-type: none"> • Enabling state program - to achieve pro-poor governance • Support for public expenditure management system </p> <p>United Nations Development Programme Strategy: Building national capacities and decentralization by investing in local and district programs Activities: <ul style="list-style-type: none"> • Support for implementation of Local Self-Governance Act </p>

Sector/Thematic Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
		<ul style="list-style-type: none"> • Support for decentralization plans and service delivery mechanisms • Streamlining and strengthening the judicial system at the local level • Strengthening the capacity of CIAA <p>Swiss Agency for Development and Cooperation Strategy: Promote good governance through community development Activities: <ul style="list-style-type: none"> • Capacity building for community institutions to improve service delivery • Support for public awareness and monitoring components of Governance Reform Program </p> <p>Denmark Strategy: Make public administration accountable, transparent, and effective Activities: <ul style="list-style-type: none"> • Support for implementation of value-added tax • Support for decentralization </p> <p>Deutsche Gesellschaft für Technische Zusammenarbeit Strategy: Strengthen economic sector and private sector potential Activities: <ul style="list-style-type: none"> • Support for income tax reforms </p> <p>World Bank Strategy: Improve Government's implementation capacity and reduce corruption Activities: <ul style="list-style-type: none"> • Fiscal decentralization • Support for financial sector reform/public sector management </p>

Table A1.6: Portfolio Indicators—Portfolio Amounts and Ratings
(public sector loans, as of 31 December 2001)

Sector	Net Loan Amount		Rating ^a													
			Total		Highly Satisfactory		Satisfactory		Partly Satisfactory		Unsatisfactory		Potential Problem ^b		At Risk ^c	
	(\$ million)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)
Agriculture and Natural Resources	128.3	19.2	9	40.9	—	—	8	88.9	1	11.1	—	—	1	11.1	—	—
Energy	192.9	28.8	2	9.1	—	—	1	50.0	—	—	1	50.0	—	—	1	50.0
Finance	7.2	1.1	1	4.5	—	—	1	100.0	—	—	—	—	—	—	—	—
Industry and Nonfuel Minerals	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Multisector	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Others	29.6	4.4	1	4.5	—	—	1	100.0	—	—	—	—	—	—	—	—
Social Infrastructure	207.4	31.0	6	27.3	—	—	5	83.3	1	16.7	—	—	—	—	—	—
Transport and Communications	104.2	15.6	3	13.6	—	—	3	100.0	—	—	—	—	—	—	—	—
Total	669.6	100.0	22	100.0	—	—	19	86.4	2	9.1	1	4.5	1	4.5	4	18.2

— = not available.

^a One rating for implementation progress and development objectives, based on the lower rating of either.

^b Potential problem loans are satisfactory loans but have four or more risk factors associated with partly satisfactory or unsatisfactory performance.

^c A loan is "at risk" if it is rated as partly satisfactory, as unsatisfactory, or as a potential problem.

Source: Asian Development Bank estimates.

Table A1.7: Portfolio Indicators—Disbursements and Net Transfers of Resources
(public sector loans, as of 31 December 2001)

Disbursements and Transfers	OCR	ADF	Total
Disbursements^a			
Total Funds Available for Withdrawal (\$ million)	—	576.3	576.3
Disbursed Amount (\$ million, cumulative)	—	300.3	300.3
Percentage Disbursed (disbursed amt/total available)	—	52.1	52.1
Disbursements (\$ million, latest year)	—	57.2	57.2
Disbursement Ratio (%) ^b	—	16.6	16.6
Net Transfer of Resources (\$ million)			
1997	—	78.1	78.1
1998	—	84.1	84.1
1999	—	45.9	45.9
2000	—	64.5	64.5
2001	—	30.7	30.7

— = not available, ADF=Asian Development Fund, OCR=ordinary capital resources.

^a Includes all loans with disbursements during 2001.

^b Ratio of disbursements during the year over the undisbursed net loan balance at the beginning of the year less cancellations during the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.

Source: Asian Development Bank estimates.

**Table A1.8: Portfolio Indicators—Evaluation Rating by Sector
(1996–2001)**

Sector	Highly Successful		Successful		Partly Successful		Unsuccessful		No Rating		Total	
	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)	(no.)	(%)
Agriculture and Natural Resources	—	—	1	25.0	3	60.0	1	50.0	—	—	5	42.0
Energy	—	—	2	50.0	—	—	1	50.0	—	—	3	25.0
Finance	—	—	—	—	—	—	—	—	—	—	—	—
Industry and Nonfuel Minerals	—	—	—	—	—	—	—	—	—	—	—	—
Multisector	—	—	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	1	20.0	—	—	—	—	1	8.0
Social Infrastructure	—	—	—	—	1	20.0	—	—	—	—	1	8.0
Transport and Communications	1	100.0	1	25.0	—	—	—	—	—	—	2	17.0
Total	1	100.0	4	100.0	5	100.0	2	100.0	—	—	12	100.0

— = not available.

Source: Asian Development Bank project or program performance audit reports.

Table A1.9: Portfolio Implementation Status
(public sector loans, as of 31 December 2001)

No.	Sector	Loan No.	Seg	Title	Net Loan Amount		Approval Date	Effective Date	Closing Date		Progress (%complete)
					OCR (\$ million)	ADF (\$ million)			Original (dd/mm/yy)	Revised (dd/mm/yy)	
1	AGR	1114		Upper Sagarmatha Agricultural Development	—	12.0	31 Oct 91	5 May 92	30 Jun 00	30 Jun 02	90
2	AGR	1237		Microcredit for Women	—	3.7	24 Jan 93	15 Dec 93	30 Jun 00	30 Jun 02	97
3	AGR	1311		Irrigation Management Transfer	—	9.0	13 Sep 94	14 Jun 95	30 Jun 02		74
4	AGR	1437		Second Irrigation Sector	—	22.6	16 May 96	11 Sep 96	31 Dec 02		70
5	AGR	1450		Rural Infrastructure Development	—	10.9	27 Jun 96	26 Sep 96	30 Jun 03		66
6	AGR	1461		Third Livestock Development	—	13.9	19 Sep 96	23 Mar 97	31 Jul 03		61
7	AGR	1609		Community Groundwater Irrigation Sector	—	27.6	26 Feb 98	3 Mar 99	31 Jul 05		2
8	AGR	1650		Rural Microfinance	—	17.9	8 Dec 98	20 May 99	30 Jun 05		37
9	AGR	1778		Crop Diversification	—	10.7	11 Nov 00	23 Apr 01	31 Dec 07		8
10	ENE	1452		Kali Gandaki "A" Hydroelectric Power	—	147.3	23 Jul 96	12 Dec 96	15 Jul 01	15 Jul 03	86
11	ENE	1732		Rural Electrification, Distribution and Transmission	—	45.6	21 Dec 99		30 Jun 05		0
12	FIN	1811		Corporate and Financial Governance	—	7.2	14 Dec 00	28 Nov 01	30 Jun 05		0
13	OTH	1861		Governance Reform Program	—	29.6	27 Nov 01	27 Dec 01	31 Dec 05		n/a
14	SOC	1451		Second Tourism Development	—	14.0	2 Jul 96	5 Dec 96	31 Dec 01	30 Jun 02	78
15	SOC	1464		Fourth Rural Water Supply and Sanitation Sector	—	18.5	24 Sep 96	9 Jan 97	30 Jun 02	31 Dec 01	96
16	SOC	1640		Melamchi Water Supply (Engineering)	—	4.8	10 Nov 98	13 Apr 99	31 Dec 00		97
17	SOC	1755		Small Towns Water Supply and Sanitation	—	33.5	12 Sep 00	16 Mar 01	31 Dec 06		5
18	SOC	1820		Melamchi Water Supply	—	117.1	21 Dec 00	28 Nov 01	31 Mar 07		2
19	SOC	1840		Teacher Education	—	19.6	24 Sep 01		30 Jun 08		0
20	T&C	1377		Third Road	—	34.9	21 Sep 95	12 Jan 96	30 Jun 01		100
21	T&C	1512		Tribhuvan International Airport Improvement	—	24.4	23 Jan 97	25 Jul 97	31 Dec 01		95
22	T&C	1876		Road Network Improvement	—	44.8	13 Dec 01		31 Dec 07		0
Total						669.6					

— =not available, ADF=Asian Development Fund, AGR=agriculture and natural resources, ENE=energy, FIN=finance, IND=Industry and nonfuel minerals, MUL=multisector, no.=number, OCR=ordinary capital resources, OTH=other, Seg=segment (pertaining to loans with more than one withdrawal authority), SOC=social infrastructure, T&C=transport and communications.

Table A1.9 (continued): Portfolio Implementation Status
(public sector loans, as of 31 December 2001)

No.	Sector	Loan No.	Seg	Title	Cumulative Contracts/ Commitments (\$ million)	Cumulative Disbursements (\$ million)	Rating		Potential Problem ^a	At Risk ^b
							IP	DO		
1	AGR	1114		Upper Sagarmatha Agricultural Development	9.7	9.3	S	S	Yes	Yes
2	AGR	1237		Microcredit for Women	3.5	3.6	S	HS	No	No
3	AGR	1311		Irrigation Management Transfer	5.5	5.0	S	S	No	No
4	AGR	1437		Second Irrigation Sector	19.4	19.3	S	S	No	No
5	AGR	1450		Rural Infrastructure Development	7.3	7.4	S	PS	No	Yes
6	AGR	1461		Third Livestock Development	7.1	6.5	S	S	No	No
7	AGR	1609		Community Groundwater Irrigation Sector	0.9	1.4	S	S	No	No
8	AGR	1650		Rural Microfinance	2.8	1.5	S	S	No	No
9	AGR	1778		Crop Diversification	1.0	0.5	S	S	No	No
10	ENE	1452		Kali Gandaki "A" Hydroelectric Power	135.4	133.0	S	S	No	No
11	ENE	1732		Rural Electrification, Distribution and Transmission	0.0	0.0	U	PS	No	Yes
12	FIN	1811		Corporate and Financial Governance	0.0	0.0	S	S	No	No
13	OTH	1861		Governance Reform Program	11.9	11.9	HS	S	No	No
14	SOC	1451		Second Tourism Development	9.5	7.9	S	S	No	No
15	SOC	1464		Fourth Rural Water Supply and Sanitation Sector	18.0	17.9	S	S	No	No
16	SOC	1640		Melamchi Water Supply (Engineering)	4.4	4.3	PS	S	No	Yes
17	SOC	1755		Small Towns Water Supply and Sanitation	1.2	0.5	S	S	No	No
18	SOC	1820		Melamchi Water Supply	8.7	0.5	S	S	No	No
19	SOC	1840		Teacher Education	0.0	0.0	S	S	No	No
20	T&C	1377		Third Road	34.2	34.0	S	S	No	No
21	T&C	1512		Tribhuvan International Airport Improvement	21.0	19.2	S	S	No	No
22	T&C	1876		Road Network Improvement	0.0	0.0	S	S	No	No
Total					301.5	283.7				

DO=development objectives, HS=highly satisfactory, IP= implementation progress, PS=partly satisfactory, S=satisfactory, U=unsatisfactory.

^a "Yes" for loans with four or more risk factors associated with partly satisfactory or unsatisfactory performance.

^b A loan is considered "at risk" if it is rated as "PS" or "U" in either implementation progress or development objectives, or if it is a potential problem loan.

Table A1.10: Assistance Pipeline for Lending Products, 2003-2005

Sector Project/Program Name	Poverty Classifi- cation	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (\$million)				
						ADB			Gov't	Cofinancing
						OCR	ADF	Total		
2003 Firm Loans										
Agriculture and Natural Resources										
1. Integrated Agriculture Development	PI	GG/PSD	SAAE	2002	30.0	0.0	20.0	20.0	5.0	5.0
2. Ecotourism	PI	GAD/ENV/ PSD	SAAE	2001	28.2	0.0	20.0	20.0	8.2	0.0
3. Empowerment of Women	PI	GAD	SAAE	2002	12.5	0.0	10.0	10.0	2.5	0.0
4. Second Rural Infrastructure Development	CPI	HD	SAAE	2001	25.0	0.0	20.0	20.0	5.0	0.0
Subtotal					95.7	0.0	70.0	70.0	20.7	5.0
Social Infrastructure										
5. Community-Based Water Supply and Sanitation Sector	PI	GAD/HD	SASS	2002	37.3	0.0	25.0	25.0	6.3	6.0
Subtotal					37.3	0.0	25.0	25.0	6.3	6.0
Total					133.0	0.0	95.0	95.0	27.0	11.0
2003 Standby Loans										
Agriculture and Natural Resources										
1. Community-Managed Irrigation: Central and Eastern Basins	PI	ECO/ENV/ GG	SAAE	2001	31.3	0.0	25.0	25.0	6.3	0.0
Subtotal					31.3	0.0	25.0	25.0	6.3	0.0
Total					31.3	0.0	25.0	25.0	6.3	0.0

ADB=Asian Development Bank; ADF=Asian Development Fund; CPI=core poverty intervention; ECO=economic growth; ENV=environmental protection; GAD=gender and development; GG=good governance; HD=human development; OCR=ordinary capital resources; PI=poverty intervention; PSD=private sector development; SAAE=South Asia Agriculture, Environment, and Natural Resources Division; SAGF=South Asia Governance, Finance and Trade Division.

Table A1.10 (continued): Assistance Pipeline for Lending Products, 2003-2005

Sector Project/Program Name	Poverty Classifi- cation	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (\$million)				
						ADB		Gov't	Cofinancing	
						OCR	ADF			Total
2004 Firm Loans										
Agriculture and Natural Resources										
1. Smallholder Livestock Development	CPI	ECO/GAD	SAAE	2003	27.0	0.0	20.0	20.0	5.0	2.0
2. Community-Managed Irrigation: Central and Eastern Basins	PI	ECO/ENV/ GG	SAAE	2001	31.3	0.0	25.0	25.0	6.3	0.0
Subtotal					58.3	0.0	45.0	45.0	11.3	2.0
Finance										
3. Private Sector Development Program	PI	ECO/REG /GG/PSD	SAGF	2003	30.0	0.0	20.0	20.0	5.0	5.0
Subtotal					30.0	0.0	20.0	20.0	5.0	5.0
Social Infrastructure										
4. Technical/ICT Education	PI	ECO/HD/ PSD/SP	SASS	2002	25.0	0.0	20.0	20.0	5.0	0.0
Subtotal					25.0	0.0	20.0	20.0	5.0	0.0
Subregional										
5. Subregional Roads Connection	OTH	ECO/REG	SAID	2003	25.0	0.0	20.0	20.0	5.0	0.0
Subtotal					25.0	0.0	20.0	20.0	5.0	0.0
Total					138.3	0.0	105.0	105.0	26.3	7.0
2004 Standby Loans										
Agriculture and Natural Resources										
1. Agribusiness Development	PI	ECO/PSD	SAAE	2003	30.0	0.0	20.0	5.0	5.0	0.0
Subtotal					30.0	0.0	20.0	5.0	5.0	0.0
Total					30.0	0.0	20.0	5.0	5.0	0.0

OTH=others, REG=regional cooperation, SAID=South Asia Infrastructure Division, SP=social protection.

Table A1.10 (continued): Assistance Pipeline for Lending Products, 2003-2005

Sector Project/Program Name	Poverty Classifi- cation	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (\$million)				
						ADB			Gov't	Cofinancing
						OCR	ADF	Total		
2005 Firm Loans										
Agriculture and Natural Resources										
1. Agribusiness Development	PI	ECO/PSD	SAAE	2003	30.0	0.0	20.0	20.0	5.0	5.0
Subtotal					30.0	0.0	20.0	20.0	5.0	5.0
Energy										
2. Rural Electrification and Renewable Energy	PI	ECO	SAID	2004	50.0	0.0	30.0	30.0	7.5	12.5
Subtotal					50.0	0.0	30.0	30.0	7.5	12.5
Finance										
3. Rural Finance Development	PI	ECO/GG/ PSD	SAGF	2004	30.0	0.0	20.0	20.0	5.0	5.0
Subtotal					30.0	0.0	20.0	20.0	5.0	5.0
Social Infrastructure										
4. Kathmandu Valley Water Distribution and Urban Improvement	PI	HD	SASS	2003	85.0	0.0	30.0	30.0	10.0	45.0
Subtotal					85.0	0.0	30.0	30.0	10.0	45.0
Total					195.0	0.0	100.0	100.0	27.5	67.5
2005 Standby Loans										
Agriculture and Natural Resources										
1. Water Management Improvement	PI	ECO/ENV/ GG	SAAE	2004	25.0	0.0	20.0	20.0	5.0	0.0
Subtotal					25.0	0.0	20.0	20.0	5.0	0.0
Total					25.0	0.0	20.0	20.0	5.0	0.0

Table A1.11: Assistance Pipeline for Nonlending Products and Services, 2003-2005

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
2003							
Agriculture and Natural Resources							
1. Institutional Strengthening of Dept. of Local Infrastructure & Roads	SAAE	ID	TASF	350		0	350
2. Agribusiness Development	SAAE	PP	JSF	600		0	600
3. Smallholder Livestock Development	SAAE	PP	JSF	400		0	400
Subtotal				1,350		0	1,350
Energy							
4. Implementing Power Sector Restructuring	SAID	ID	TASF	600		0	600
Subtotal				600		0	600
Finance							
5. Private Sector Development	SAGF	PP	TASF	400	TBD	200	400
Subtotal				400		200	600
Social Infrastructure							
6. Kathmandu Valley Water Distribution and Urban Improvement	SASS	PP	JSF	400	TBD	400	800
7. Social Protection Study	SASS	ETSW	JSF	250	TBD	150	400
Subtotal				650		550	1,200
Others							
8. Strengthening Project Implementation and Quality Assurance	SAAE	ID	TASF	400	TBD	300	700
9. Country Economic Review	SAOC	ETSW	IAE	—		—	—
Subtotal				400		300	700
Subregional							
10. Subregional Roads Connection	SAID	PP	JSF	600		0	600
Subtotal				600		0	600
Total				4,000		1,050	5,050

— =not available; ADB=Asian Development Bank; ETSW=Economic, Thematic and Sector Work; IAE=Internal Administrative Expense; ID=Institutional Development; JSF=Japan Special Fund; PP=program/project technical assistance; SAAE=South Asia Agriculture, Environment, and Natural Resources Division; SAGF=South Asia Governance, Finance and Trade Division; SAID=South Asia Infrastructure Division; SAOC=South Asia Operations Coordination Division; TASF=technical assistance special fund.

Table A1.11 (continued): Assistance Pipeline for Nonlending Products and Services, 2003-2005

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
2004							
Agriculture and Natural Resources							
1. Water Management Improvement	SAAE	PP	JSF	500		0	500
Subtotal				500		0	500
Energy							
2. Rural Electrification and Renewable Energy Project	SAID	PP	TASF	600	TBD	100	700
Subtotal				600		100	700
Finance							
3. Rural Finance Development	SAGF	PP	JSF	500	TBD	200	700
4. Institutional Strengthening for Private Sector Development	SAGF	ID	TASF	500	TBD	200	700
Subtotal				1,000		400	1,400
Social Infrastructure							
5. Education Sector Development	SASS	PP	TASF	600	TBD	200	800
Subtotal				600		200	800
Transport and Communications							
6. Second International Airport Project: Public/Private Partnership	SAID	ETSW	TASF	800	TBD	400	1,200
Subtotal				800		400	1,200
Others							
7. Strengthening Agricultural Data Analysis Capacity for Better Policy Making	ERDI	ID	TASF	500	TBD	100	600
8. Country Economic Review	SAOC	ETSW	IAE	—		—	—
Subtotal				500		100	600
Total				4,000		1,200	5,200

ERDI=Development Indicators and Policy Research Division.

Table A1.11 (continued): Assistance Pipeline for Nonlending Products and Services, 2003-2005

Sector Assistance Name	Responsible Division	Assistance Type	Sources of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
2005							
Agriculture and Natural Resources							
1. Crop Diversification II	SAAE	PP	TASF	600		0	600
2. Community Groundwater Irrigation Sector Development II	SAAE	PP	JSF	400		0	400
Subtotal				1,000		0	1,000
Finance							
3. Financial Market Development	SAGF	PP	TASF	700	TBD	100	800
Subtotal				700		100	800
Social Infrastructure							
4. Second Community-based Water Supply and Sanitation Sector	SASS	PP	JSF	400		0	400
5. Secondary Towns Urban Environmental Improvement	SASS	PP	TASF	500		0	500
Subtotal				900		0	900
Transport and Communications							
6. Second Road Network Development Project	SAID	PP	JSF	800		0	800
Subtotal				800		0	800
Others							
7. Governance Reform Program II	SAGF	PP	TASF	600	TBD	200	800
8. Country Economic Review	SAOC	ETSW	IAE	—		—	—
Subtotal				600		200	800
Total				4,000		300	4,300

Table A1.12: Monitoring Indicators and Lending Scenario

Low Case	Base Case	High Case
<ul style="list-style-type: none"> Unsatisfactory progress in preparation of a credible Tenth Plan and Medium-Term Expenditure Framework through clear prioritization and streamlining development projects/programs in the annual budget 	<ul style="list-style-type: none"> Satisfactory progress in preparation of a credible Tenth Plan and Medium-Term Expenditure Framework through clear prioritization and streamlining development projects/programs in the annual budget 	<ul style="list-style-type: none"> Successful preparation of a credible Tenth Plan and Medium-Term Expenditure Framework through clear prioritization in and streamlining development projects/programs in the annual budget
<ul style="list-style-type: none"> Increase in corruption, and anticorruption measures ineffective Unsatisfactory progress in establishment of a computerized civil service personnel information system 	<ul style="list-style-type: none"> Corruption checked and effective anticorruption measures adopted Progress in establishment of a fully functional computerized civil service personnel information system linked to other ministries, and approved posts and payroll system 	<ul style="list-style-type: none"> Corruption reduced as a result of effective implementation of anticorruption measures Linking the payroll with a fully functional computerized civil service personnel information system leading to a performance-based compensation scheme, to improve accountability and transparency of the civil service
<ul style="list-style-type: none"> Unsatisfactory progress in agriculture, irrigation, power, education, and financial sector reforms. 	<ul style="list-style-type: none"> Satisfactory progress in preparation of credible road maps and time-bound action plans in agriculture, irrigation, power, education, and financial sector reforms, which aim to <ul style="list-style-type: none"> Strengthen implementation and monitoring capability of the district infrastructure development offices Empower the water users associations through an amendment of the Irrigation Policy 1997 Implement unbundling of the Nepal Electricity Authority Empower school management committees with a proper representation of communities to recruit qualified teachers and monitor their performance through a revision of the education regulations. Strengthen corporate governance and financial viability of five grameen banks and tabling of the Companies Bill, Insolvency Bill, Secured Transactions Bill, and Financial Institutions Bill. 	<ul style="list-style-type: none"> Strong progress in preparation of credible road maps and time-bound action plans in agriculture, irrigation, power, education, and financial sector reforms
<ul style="list-style-type: none"> Unsatisfactory portfolio management: (i) share of problem projects above 25%, (ii) disbursement ratio (past 3-year average) below 15, (iii) poor compliance with loan covenants (below 70%), and (iv) timely submission of auditor's reports acceptable to Asian Development Bank (ADB) (below 70%). 	<ul style="list-style-type: none"> Satisfactory progress in portfolio management: (i) share of problem projects between 15–25%, (ii) disbursement ratio (past 3-year average) at least 15, (iii) overall compliance with loan covenants (70–80%), and (iv) timely submission of auditor's reports acceptable to ADB (70–80%). 	<ul style="list-style-type: none"> Strong progress in portfolio management: (i) share of problem projects at or below 15%, (ii) disbursement ratio (past 3-year average) at least 20, (iii) satisfactory compliance with loan covenants (80%), and (iv) timely submission of auditor's reports acceptable to ADB (above 80%).

CONCEPT PAPERS FOR LENDING PRODUCTS

This appendix contains the concept papers for the following lending products.

- (i) Table A2.1: Integrated Agriculture Development
- (ii) Table A2.2: Ecotourism
- (iii) Table A2.3: Empowerment of Women
- (iv) Table A2.4: Second Rural Infrastructure Development
- (v) Table A2.5: Community-Based Water Supply and Sanitation
- (vi) Table A2.6: Community-managed Irrigation (Central and Eastern Basins) Sector
- (vii) Table A2.7: Smallholder Livestock Development
- (viii) Table A2.8: Private Sector Development
- (ix) Table A2.9: Technical/ICT Education
- (x) Table A2.10: Subregional Roads Connection
- (xi) Table A2.11: Agribusiness Development
- (xii) Table A2.12: Rural Electrification and Renewable Energy
- (xiii) Table A2.13: Rural Finance Development
- (xiv) Table A2.14: Kathmandu Valley Water Distribution and Urban Improvement
- (xv) Table A2.15: Water Management Improvement

CONCEPT PAPERS FOR LENDING PRODUCTS

**Table A2.1: Integrated Agriculture Development
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Project preparatory</p> <p style="padding-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="padding-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="padding-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="padding-left: 40px;"><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p style="padding-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table style="width: 100%; border: none;"> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Economic growth</td> <td style="padding-left: 20px;"><input type="checkbox"/> Human development</td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Gender and development</td> <td style="padding-left: 20px;"><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Environmental protection</td> <td style="padding-left: 20px;"><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Regional cooperation</td> <td style="padding-left: 20px;"><input type="checkbox"/> Social protection</td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country NEPAL <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Agriculture, Environment and Natural Resources Division</p>										
<p>5. Responsible ADB officer: P. Dayal</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>In Nepal, agriculture employs about 80% of the total labor force and contributes about 40% of GDP. Given the importance of agriculture in the national economy, the sector's efficient growth is essential for achieving the national objective of poverty reduction. The ADB's current operational strategy for Nepal is focused on poverty reduction, particularly in the rural areas. In line with this operational strategy, the proposed project will focus on poor districts of the country and will aim at promoting the integration of agricultural support services and</p>										

increased participation of the private sector. Building upon achievements under the Second Agriculture Program,¹ the proposed technical assistance (TA) and ensuing project will support the Government's initiatives to devolve most agricultural support services to the district level.

b. Goal and purpose:

The proposed project will address the strategic objective of poverty reduction through integrated support targeted at the rural poor in selected areas. The project is expected to focus on strengthening and integrating decentralized farm support services, focusing on irrigation and on-farm water and crop management in districts covered by previous and ongoing ADB-financed agriculture sector projects. The proposed project will promote the policy and institutional environment favorable for more effective contributions by local public agencies, farmers, and the private sector in agriculture. The need for a sector development program (SDP) approach will be examined during TA fact finding.

c. Components, outputs, specific deliverables:

The proposed TA will (i) recommend specific medium-term policy and institutional reform and local capacity-building measures; (ii) in light of the Government's decentralization framework, formulate a detailed investment proposal for possible ADB financing; (iii) evaluate past and ongoing external assistance in agriculture and rural development in the country, and lessons learned; (iv) carry out institutional, capacity-building, environmental, and social assessments for the proposed reforms and the investment component; (v) identify measures to prevent or mitigate any adverse environmental and social impacts and risks; and (vi) examine financial and economic costs and benefits, and risks involved in the proposed investment. Under the TA, close consultations will be conducted with key stakeholders in the sector including farmers, local administrations, NGOs, private dealers of agricultural inputs and outputs, and external funding agencies to ensure general consensus and local ownership for project implementation.

d. Expected results and deliverables:

The expected outcome of the ensuing project will include (i) an enhanced policy and institutional environment favorable for integrated agricultural support services in a decentralized environment; (ii) removal of critical constraints to improved agricultural productivity; and (iii) improved access of poor farmers to effective agricultural support services and productive resources. The possible monitorable indicators may include (i) yields of major cereal and commercial crops in the project area; (ii) farmers' uptake of improved technology and inputs; and (iii) degree of participation of the private sector in agriculture.

e. Social or environmental issues or concerns:

f. Plans for disseminating results/deliverables:

7. Proposed executing/implementing agencies:

Ministry of Agriculture and Cooperatives

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

Several workshops will be held involving all stakeholders: central and district agencies, private sector, and contractors to formulate and agree the scope of the project.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CAP 2000

b. Expected date of submission for approval

Lending: IV Quarter 2003

Nonlending (project preparatory): July 2002

Nonlending (other than project preparatory):

Activities financed by JFICT or JFPR:

c. Period and duration of assistance

Lending: Jan 2004 - 2010

Nonlending: Nov 2002 – May 2003

Activities financed by JFICT or JFPR:

¹ ADB. 1998. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Nepal for the Second Agriculture Program*. Manila. The loan was closed on 31 December 2000 with the release of the second and final tranche in June 2000.

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

a. For lending

- Ordinary capital resources: \$
 Asian Development Fund: \$20 million
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

- No resources required, other than ADB staff
 ADB's administrative budget:
 Grant TA funds
 TA Special Fund: \$700,000
 Japan Special Fund: \$
 Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT: \$
 JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.2: Ecotourism
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p> <input checked="" type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p> <input type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture, Environment, and Natural Resources Subsector: Environment</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country NEPAL <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Agriculture, Environment and Natural Resources Division</p>										
<p>5. Responsible ADB officer: D. Walton</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>The Government recognizes that sustained development of the tourism sector is an important way of (i) promoting and managing the country's cultural, ecological, and environmental heritage; (ii) generating a demand for goods and services through increased tourist arrivals and higher spending; (iii) increased foreign exchange earnings; and (iv) reducing poverty by diversifying the benefits of tourism throughout the country. Nepal's advantages in tourism, signified by its access to the Himalayas, its unique culture, and its historic heritage, are universally recognized. The tourism sector is accorded high priority in the Government's Ninth Plan, with the Government giving support to the private sector to promote tourism diversification and development of new areas, while the Government's role will be to develop the basic tourism infrastructure. The Government's tourism policy stresses the importance of local community participation in environmental conservation for sustainable tourism development.</p>										

b. Goal and purpose:

The overall objectives of the proposed project are to (i) assist the Government and other stakeholders of ecotourism to reform institutional arrangements and policy for effective ecotourism development in order to consolidate, institutionalize, and build upon Nepal's leadership in techniques for using ecotourism as a tool for poverty reduction and environmental conservation; (ii) implement an ecotourism development program in remote areas of the West and East Himalayas region, including an ecotourism marketing program to address local poverty, gender, and conservation issues; and (iii) to provide a package of environmental infrastructure developments in the project areas to enhance their capacity to attract tourists and improve the economic opportunities of the residents.

c. Components, outputs, specific deliverables:

Tourism in Nepal is currently concentrated in a few locations in the central part of the country. Increased tourism traffic in these locations is causing considerable stress on the fragile environment. Both the Government and the tourism industry recognize the need to diversify Nepal's tourism products and to open new destinations. The proposed project has identified four Himalayan areas as having excellent potential for Nepal's unique style of mountain tourism. In all the four areas, Dolpa, Kanchenjunga, Makalu Barun, and Simikot, where some of the country's highest levels of poverty exist, trekking tourism has begun, and the Government and the tourism industry have recognized the tourism value of the areas. In addition, all these areas have high conservation value. The Project will be divided into four main components, consisting of (i) Part A: Remote Area Development Program; (ii) Part B: Tansen Environmental Improvements; (iii) Part C: Lumbini Tourism Infrastructure Improvements; and Part D: Implementation Assistance and Institutional Strengthening and Training. For each of the four areas, packages of "hardware" (airports, trail facilities, etc.) and "software" (community development, training, and awareness programs) have been designed. The hardware elements improve access to facilitate tourism growth, while the software components will ensure that local residents are able to cope with and benefit from increased tourism flows. Close alliances have been developed with international nongovernment organizations working within Nepal, and especially in the proposed project areas. Institutional development and capacity building and training will be an integral part of all components.

d. Expected results and deliverables:

The proposed project is expected to benefit over 150,000 persons living in areas where project interventions will be implemented. As a result of project interventions, particularly the increased participation of local communities in the tourism process due to heightened awareness, skills training, and local capacity building, increased levels of tourism expenditure will flow to the project areas. Direct employment opportunities will benefit the local mountain communities, especially the poor. Per capita incomes are expected to increase significantly within the target areas. These benefits are expected to decrease the overall incidence of poverty within the project areas by approximately 1% per annum.

e. Social or environmental issues or concerns:

Part A of the proposed project will include activities and improvements to enhance ecotourism in four protected areas and, in view of the ecological sensitivity of protected areas in Nepal, this component has been determined to be in ADB's Environment Category A, for which an environmental impact assessment (EIA) was prepared. The remaining components present minimal environmental risk and are in Environment Category B, for which an initial environmental examination was prepared.

f. Plans for disseminating results/deliverables:**7. Proposed executing/implementing agencies:**

Ministry of Culture, Tourism and Civil Aviation

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

Several workshops will be held involving all stakeholders: central and district agencies, private sector, and contractors to formulate and agree the scope of the project.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CAP 1999
- b. Expected date of submission for approval
 - Lending: 1st Quarter 2003
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory):

Activities financed by JFICT or JFPR:

c. Period and duration of assistance

Lending: 2003-2007

Nonlending:

Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

a. For lending

- Ordinary capital resources: \$
- Asian Development Fund: approximately \$20 million
- Other: Government and beneficiary financing \$8.4 million

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds
 - TA Special Fund:
 - Japan Special Fund: \$
 - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT: \$
- JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.3: Empowerment of Women
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input checked="" type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture Subsector: Agriculture Support Services</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Agriculture, Environment and Natural Resources Division</p>										
<p>5. Responsible ADB officer: M. Mongiorgi</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>Although Nepalese women have made significant gains in their social and economic status in the past three decades, rural Nepalese women remain deprived and severely underprivileged compared to men. Poor women suffer from a paucity of opportunities to earn income that further weakens their already low status. Significantly, when women's income is measured in terms of purchasing power parity, their estimated earnings, at \$849 per year, are half that for men who earn \$1,607 annually. Most poor rural women are ignorant of basic legal procedures and rights, such as the registration of marriage and births and divorce. As a consequence, many suffer increased poverty if, for example, their marriages break down or if their husbands take a second wife. Nepalese women are disproportionately burdened by poverty and systematically excluded from access to productive resources, essential services, and decision-making. The TA will address these fundamental issues through an integrated approach. It will assess women's needs, and develop a feasible and comprehensive package of specific interventions to improve the socioeconomic status of rural women in Nepal.</p>										

b. Goal and purpose:

The proposed TA will explore and address feasible modalities to empower women. Its main output will be the identification of an integrated approach to empowering Nepalese poor women. Its scope includes the design and implementation of a baseline survey that will gather data on poverty and gender inequality in selected districts of Nepal; an examination of the likely impact of small-scale, time-saving community infrastructure for women and men; a survey of existing microfinance institutions to determine those best suited to delivering microcredit to poor women and the identification of key legal issues and the design of a core legal literacy curriculum that responds to the needs of poor women. The focus of ADB assistance will be on the poorest women, particularly those from the most disadvantaged groups. The TA will assess women's needs, and develop a feasible and comprehensive package of specific interventions to improve the socioeconomic status of rural women in Nepal.

c. Components, outputs, specific deliverables:

The components of the TA will include (i) institutional development and strengthening of women's community organizations; (ii) support for income generating activities by facilitating access to existing services in credit and savings, marketing, and business management and skills development; (iii) construction of community-managed time-saving infrastructures such as water pumps and biogas structures; and (iv) legal literacy and gender awareness

d. Expected results and deliverables:

Measurable outcomes include the accumulation of capital through increased savings by poor women; enhanced women's income due to stronger women's organizations, access to labor-saving infrastructure, access to credit and skills training, an improved socioeconomic environment for women to participate in decision-making processes that affect them, and better awareness by women of their basic legal rights.

e. Social or environmental issues or concerns:

The project focuses on social issues and concerns. Environmental issues and concerns may arise from the time-saving infrastructures and will be explored during the TA.

f. Plans for disseminating results/deliverables: The results will be disseminated through a stakeholders' workshop to be held towards the end of PPTA activities.

7. Proposed executing/implementing agencies:

The TA will be implemented by the Department of Women Development (DWD) of the Ministry of Women, Children and Social Welfare.

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

DWD will provide staff and logistical support.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2001
- b. Expected date of submission for approval
 - Lending: 2003
 - Nonlending (project preparatory): 2002
 - Nonlending (other than project preparatory):
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending:
 - Nonlending:
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund: \$10 million
 - Other:

If cofinancing is required indicate sources, and amount sought:
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
- No resources required, other than ADB staff
 - ADB's administrative budget:
 - Grant TA funds
 - TA Special Fund:
 - Japan Special Fund: \$450,000
 - Other:

If cofinancing is required indicate sources, and amount sought:
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- c. For projects financed by
- JFICT:
 - JFPR:

If cofinancing is required indicate sources, and amount sought:
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.4: Second Rural Infrastructure Development
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input checked="" type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture/ Rural Development Subsector: Rural Infrastructure</p> <p>b. For project preparatory and lending, classification</p> <p><input checked="" type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Agriculture, Environment and Natural Resources Division</p>										
<p>5. Responsible ADB officer: A. Goffeau</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>During the country programming mission in 1999, the Government requested ADB to provide project preparatory technical assistance (TA)² to design a second rural infrastructure development project (SRIDP) to follow the ongoing ADB-financed RIDP³. 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 (APP) and Ninth Plan (1997–2002). Furthermore, the Approach Paper for the Tenth Five-Year Plan (2003–2007) defines the road transport sector objective as being to use resources more efficiently to make transport services accessible nationwide, and refers to the formation of</p>										

² ADB. 2001. *Technical Assistance to Nepal for the Second Rural Infrastructure Development Project*. Manila.

³ ADB. 1996. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Nepal for the Rural Infrastructure Development Project*. Manila.

a road maintenance fund, to a greater role of the private sector, and to the construction of rural roads through a decentralized, environment-friendly approach.

b. Goal and purpose:

The aim of the project is to reduce poverty in remote areas of selected hill districts by providing the rural population with better access to income-generation opportunities and essential socioeconomic support services. The proposed project is not just concerned with investment in physical infrastructure, the concept is that the combination of increased institutional capacity, improved accountability, greater participation, and investment in construction and rehabilitation of infrastructure will provide sustainable improved rural access that will enhance the livelihoods of the rural poor.

c. Components, outputs, specific deliverables:

The project will build upon the ongoing ADB-funded Rural Infrastructure Development project as well as the lessons learned from other past or ongoing programs supported by other funding agencies. The project will enhance rural infrastructure development in three 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.

The proposed project will comprise the following components: (i) rural infrastructure development in the form of rural transport infrastructure (district and village roads, mule tracks and foot paths, pedestrian suspension bridges) and small-scale village infrastructure (water supply and sanitation schemes, community buildings, market centers, micro hydro-power schemes, etc.); (ii) rural livelihood enhancement initiatives including community development (awareness campaigns and social mobilization programs), access to employment (support to the targeted groups of poor and disadvantaged people for participation in the construction of the rural infrastructure) and access to wider development initiatives (promotion of community savings schemes and linkage with other development initiatives available in the area); and (iii) capacity building of the government executing and implementing agencies at both central and district levels.

d. Expected results and deliverables:

Consistent with the Government's strategy and ADB's country assistance plan and operational strategy, the project will help reducing rural poverty in remote villages of the selected districts by increasing economic opportunities and improving quality of life in rural communities. 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. Central institutions responsible for resource mobilization, coordination, monitoring, and enforcement of principles and norms for rural infrastructure development will be strengthened. Concurrently, the capacity of district authorities and implementing agencies in managing and implementing rural infrastructure development interventions while outsourcing much of the work to the private and NGO sectors interventions will be built up.

e. Social or environmental issues or concerns:

In adopting a labor-based, environmentally sounded, and participatory approach for the establishment of rural infrastructure, the project is expected to provide overall positive social and environmental impacts in terms of (i) increased incomes and enhanced empowerment of poor households, and (ii) improved rural transport network while preserving the fragile environment of the selected hilly districts. However, careful monitoring of project implementation will be required to ensure that (i) the critical social mobilization process is timely and thoughtfully conducted, and (ii) the established environment-friendly technical standards and recommended environmental mitigation measures are rigorously applied. The TA will provide a framework to address these issues.

f. Plans for disseminating results/deliverables:

The project will be instrumental in developing effective institutional mechanism to enhance rural infrastructure development through a decentralized implementing approach that could be later replicated within the country at large.

7. Proposed executing/implementing agencies:

The executing agency, the Ministry of Local Development, will delegate all responsibilities and powers for execution of the project to the Department of Local Infrastructure Development and Agriculture Roads (DoLIDAR). The district development committees, will be responsible for implementation at the district level of the subprojects under DoLIDAR's technical direction.

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

The project has been requested by the Government to follow-up the past and ongoing ADB-financed assistance⁴ to the rural infrastructure development sector. The TA has been under way since May 2001 and is close to conclusion. A participatory approach, that included intensive consultation of all central and local stakeholders (beneficiaries, Government, NGOs, private sector, other aid agencies, etc.) has been followed as a continuing process throughout the preparation of the feasibility study and designing of the project.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CAP 1999
- b. Expected date of submission for approval
 - Lending: First quarter 2003
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory):
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending: 6 years
 - Nonlending:
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund: \$ 20 million
 - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

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

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- c. For projects financed by
 - JFICT: \$
 - JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

⁴ ADB. 1996. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Nepal for the Rural Infrastructure Development Project*. Manila; ADB. 1996. *Technical Assistance to Nepal for the Institutional Strengthening for Rural Infrastructure Development*. Manila; ADB. 1998. *Technical Assistance to Nepal for the Institutional Reforms in the Agriculture Sector—Part B: Assistance in the Management Capability of the Central and Local Administrations for Rural Infrastructure Development*. Manila.

**Table A2.5: Community-Based Water Supply and Sanitation
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input checked="" type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Social Sector Subsector: Water Supply</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Social Sectors Division</p>										
<p>5. Responsible ADB officer: N. Mawilmada</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>Water and sanitation coverage in Nepal continues to be low, in the range of around 68%. The burdens associated with inadequate water supply and sanitation, especially in rural areas, are borne disproportionately by women. The proposed TA will focus efforts on trying to reach the poorest areas of Nepal with sustainable water supply and sanitation.</p> <p>In recent months, the institutional framework of the water sector in Nepal has been in flux. The department of Water Supply and Sewerage (DWSS), the implementing agency for previous ADB projects in the sector, is in the process of being restructured. The Department of Local Infrastructure and Roads (DOLIDAR), and the local government units are being given greater responsibility for the provision of water supply and Sanitation. The TA will explore how to engage the new institutional structure to effectively deliver ADB support to the sector. The</p>										

TA will assess the capacity of the new agencies, 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.

b. Goal and purpose:

The primary goal of the project is to maximize the poverty reduction impact of ADB interventions in the sector, by targeting assistance at the poorest parts of Nepal. The TA will look into methods of how to target a water supply and sanitation project to reach the most needy, in a rapidly changing institutional environment. The TA will collect and analyze national data to identify areas that are most in need of improvements in water and sanitation. Heavy emphasis will be placed on integrating health and hygiene education, sanitation improvements, and water supply improvements. Improved access to water supply and sanitation, combined with better public awareness, will improve health conditions, promote basic human development in the project areas, and help the economic conditions of the poor communities.

Extensive participation will be sought throughout the TA to ensure that gender issues are thoroughly addressed. The TA consultants will work closely with local NGOs and other funding agencies to assess and respond to the needs of women. In addition, the project will seek to target women in health and hygiene education programs, and institutionalize the participation of women in the development, implementation, and maintenance of water supply and sanitation schemes.

c. Components, outputs, specific deliverables:

Identify target areas to be covered by the Project, based on an analysis of district level coverage data;

Analyze the new institutional framework and develop an implementation modality that can effectively deliver benefits to the poor, identify capacity building needs of implementing agencies and district development committees (DDCs), establish criteria for sub project selection, conduct feasibility studies for sample sub-projects, conduct social assessment and resettlement plan, and promote consensus building among sector institutions.

d. Expected results and deliverables:

Improved and sustainable water and sanitation conditions in the project areas, improved health, improved hygiene awareness in communities, empowered women, and reduced poverty.

e. Social or environmental issues or concerns:

Mainstreaming the active participation of women in the decision-making process.

f. Plans for disseminating results/deliverables:

Extensive consultation during implementation.

7. Proposed executing/implementing agencies:

Ministry of Physical Planning and Works

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

The entire project will be conceptualized and developed in close consultation with the stakeholders in the sector. Extensive participation and consensus building processes have been included in the TA to ensure that the views of all stakeholders are considered, and included in the project where feasible. Local and international NGOs, other development agencies in the sector, and the government strongly support this effort.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CAP 1999

b. Expected date of submission for approval

Lending: 2003

Nonlending (project preparatory): Approved on March 2002

Nonlending (other than project preparatory):

Activities financed by JFICT or JFPR:

c. Period and duration of assistance

Lending:

Nonlending: June 2002 to April 2003

Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
- Ordinary capital resources: \$
 - Asian Development Fund: \$25 million
 - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
- No resources required, other than ADB staff
 - ADB's administrative budget: \$
 - Grant TA funds
 - TA Special Fund: \$
 - Japan Special Fund: \$750,000
 - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- c. For projects financed by
- JFICT: \$
 - JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.6: Community-managed Irrigation (Central and Eastern Basins) Sector
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input checked="" type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Water Resources Subsector: Irrigation</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Agriculture, Environment and Natural Resources Division</p>										
<p>5. Responsible ADB officer: K. Yokoyama</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>With high incidence of rural poverty associated with low land productivity due to erratic rainfall, poor input supply and support services, and lack of infrastructure, increasing agricultural productivity is crucial to reducing poverty and ensuring food security in Nepal. A key element of this strategic thrust is to improve the productivity and sustainability of farmer-managed irrigation systems (FMISs, which cover about 30% of net cultivated area) through strengthening farmer water user associations (WUAs) and improving critical infrastructure along with other necessary support services such as agricultural extension. The Second Irrigation Sector Project⁵ (SISP) is assisting this process in the central and eastern development regions.⁶</p>										

⁵ ADB. 1996. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Nepal for the Second Irrigation Sector Project*. Manila.

The SISP is being implemented by establishing WUAs and irrigation infrastructure thereby contributing to rural poverty reduction, although its performance still needs to be improved. The Government has also initiated comprehensive sector reforms to integrate water resources management (IWRM), prepare the National Water Policy, and to revise water sector plans within this new management framework. The proposed TA and ensuing loan need to be implemented to (i) promote the sound policies and institutions, and plan formulation process in irrigation subsector, and (ii) institutionalize improved arrangements to enhance the productivity and sustainability of FMISs with increasing focus on poverty reduction through income growth and empowerment of the poor, by incorporating the lessons learned in the SISP.

The country operational strategy (COS) noted that sustainable growth in agriculture is a prerequisite for poverty reduction and economic growth of the country, given its high shares in GDP and employment (40% and 73% 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. The COS also emphasizes sound sector policy, institutional environment, and capacity development in ADB operations, which the ensuing loan will enhance. Furthermore, ADB's Water Policy supports (i) the Government's emerging policy principle of IWRM and (ii) the SISP's objective of improving irrigation service delivery through strengthening WUAs. These need to be further promoted with effective mutual institutional linkages, with the guidance of the Water Policy.

b. Goal and purpose:

The goal of the project is to support the Government's poverty reduction effort in the central and eastern development regions. The purpose is to increase agricultural production in subproject areas through sustainable stakeholder-driven, small-scale FMIS rehabilitation and modernization.

c. Components, outputs, specific deliverables:

The proposed project will comprise (i) institutional development of WUAs, (ii) improved infrastructure (on condition to sufficient WUA development), (iii) agriculture extension, and (iv) capacity development of sector institutions. The expected outcome of the project will be the reduction of poverty through (i) increased agricultural production; (ii) increased employment opportunities; (iii) improved food security; and (iv) community mobilization and empowerment. It will also protect the natural environment through reduced pressure on forestland and other nonirrigated land.

d. Expected results and deliverables:

The project outputs will contribute to the achievement of the sectoral targets for FMIS rehabilitation and modernization as well as the increased agricultural production under the Government's Irrigation Development Plan and the 10th Five-year Plan (FY2003–2007).

e. Social or environmental issues or concerns:

The proposed project is expected to provide overall positive social and environmental impacts in terms of increased incomes and resulting poverty reduction, improved WUA governance for effective water resource management, and reduced environmental pressure on the adjacent land. However, it also may cause potential negative impacts in terms of (i) increased social conflicts within farmer-managed irrigation system (FMIS) and/or with other FMIS located elsewhere; and (ii) water quality degradation due to increased use of agrochemicals. The project preparatory TA will provide a framework to address these issues.

f. Plans for disseminating results/deliverables:

The project will further refine and improve the procedures and arrangements to improve the productivity and sustainability of FMIS, which will be replicated within the country at large.

7. Proposed executing/implementing agencies:

Department of Irrigation

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

The project has been requested by the Government to institutionalize the procedure and arrangements to enhance the sustainability and productivity of the FMIS being pursued under the SISP, with improved governance and poverty reduction focus. It will be formulated under TA in 2002 based on the intensive consultation with stakeholders including NGOs, adopting (i) stakeholder-driven schemes identification, (ii) formation/ strengthening of WUAs, (iii) participation of water management associations in schemes design and construction supervision, and (iv) self-sustained operations and maintenance through WUAs' own resource mobilization.

⁶ The remaining regions are covered by the Irrigation Sector Project assisted by the World Bank.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CAP 1998
- b. Expected date of submission for approval
 Lending: 2004
 Nonlending (project preparatory):
 Nonlending (other than project preparatory):
 Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 Lending: 7 years
 Nonlending:
 Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
- Ordinary capital resources:
 - Asian Development Fund: \$25 million
 - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

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

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- c. For projects financed by
- JFICT: \$
 - JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.7: Smallholder Livestock Development
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input checked="" type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture Subsector: Livestock</p> <p>b. For project preparatory and lending, classification</p> <p><input checked="" type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Agriculture, Environment and Natural Resources Division</p>										
<p>5. Responsible ADB officer: B. Fawcett</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>Agriculture is a key sector in ADB's 2002 country strategy and update, the Partnership Agreement on Poverty Reduction between the Government and ADB, and in the Government's 10th Five Year Plan and Agriculture Perspective Plan. The proposed project is consistent with the Government and ADB poverty reduction and gender strategies.</p> <p>b. Goal and purpose:</p> <p>The project will seek to reduce poverty in rural areas by improving income, employment opportunities and nutrition of poor farmers, particularly women, by increasing the productivity of the livestock subsector.</p> <p>c. Components, outputs, specific deliverables:</p> <p>The project will (i) raise livestock productivity by improving farmer access to technical support services, input</p>										

supplies, feed, animal health services, breed improvement, and credit; (ii) develop alternative markets for livestock and livestock products through promotion of agroprocessing enterprises and improved marketing; (iii) strengthen the institutional capacity of the Department of Livestock Services (DLS) and reorient its approach to facilitate livestock subsector development through the private sector initiatives; (iv) introduce participatory approaches to develop self-reliant livestock farmer groups; and (v) improve the capacity of DLS to manage the project using a participatory systems learning approach.

d. Expected results and deliverables:

The project focuses on poverty reduction, economic growth, employment creation, stimulation of private sector participation and public-private partnerships, human resource development, and capacity strengthening of the public and private sectors (including NGOs) to provide credit, inputs, and services in the subsector. The targeted beneficiaries are poor rural households, particularly women, who will be supported in the production and marketing of livestock and livestock products.

e. Social or environmental issues or concerns:

The project will have a positive impact on smallholder incomes and livelihoods. Women will be key participants. Gender strategies and action plans must be prepared.

f. Plans for disseminating results/deliverables:

The participatory approach that will be promoted during the project will continue the process of reorienting the role of DLS to facilitate development in the subsector, and strengthen its capacity to monitor, review, and regulate development activities, while facilitating an increased private sector role. The project would emphasize participatory planning and implementation with beneficiaries and key stakeholders involved at all stages, primarily using the systems learning approach. This approach would improve ownership of development activities, and develop beneficiaries' self-reliance.

7. Proposed executing/implementing agencies:

Department of Livestock

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

Beneficiaries and other stakeholders, particularly DLS staff and the private sector will participate in TA and project implementation. An integrated systems approach with extensive stakeholder consultation will be used in preparing and implementing the proposed project to ensure an understanding of the complex systems involved and an appropriate project design.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2001
- b. Expected date of submission for approval
 - Lending: May 2004
 - Nonlending (project preparatory): May 2003
- c. Period and duration of assistance
 - Lending: July 2004-July 2010, 6 years
 - Nonlending: July-Dec. 2003

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund: \$20 million
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

Cofinancing may be sought for associated technical assistance.

- b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds
 - TA Special Fund:
 - Japan Special Fund: \$400,000
 - Other

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT:
- JFPR

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.8: Private Sector Development
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input checked="" type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Private Sector Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Governance, Finance, and Trade</p>										
<p>5. Responsible ADB officer: To be determined</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>ADB's strategy for Nepal supports poverty reduction through a combination of accelerated broad-based economic growth, inclusive social development, and good governance. For significant poverty reduction impact and improvements in human development indicators, the country must mobilize large amounts of resources, raise factor productivity, move to a higher value-added and more efficient production structure, and eliminate inefficiencies resulting from ad hoc and non-market based allocations. This can only be achieved through a conducive market environment that promotes efficiency and encourages private sector participation. The optimal combination of policies, regulation, and incentives that promote private enterprises need to be developed for economic growth, poverty reduction, and for beneficial participation in World Trade Organization and subregional trade agreements (SAFTA).</p> <p>b. Goal and purpose:</p> <p>Facilitate private sector participation and enhance market environment to promote competition and productivity</p>										

critical for higher economic growth and reduction of poverty.

c. Components, outputs, specific deliverables:

The proposed program will assist private sector development, among others, through, (i) enabling environment for private sector development, (ii) improving public private interface, (iii) reinforcing Government's privatization and public enterprises reform program, (iv) facilitating private sector entry and participation in infrastructure development, (v) enhancing the market system through fair competition and appropriate regulation private sector activity; (iv) increasing labor market mobility while providing adequate protection for workers, and (vi) developing the SME sector including their access to finance. The piggy backed ADTA, Institutional Strengthening for Private Sector Development, will provide specific institutional development support.

d. Expected results and deliverables:

Conducive policies, efficient institutions, and enterprises leading to higher value added, more efficient production structure, market-based resource allocation, and employment generation.

e. Social and environmental issues or concerns:

The program will ensure equitable participation of the lower income households. Workers affected, if any, by enterprise restructuring will be adequately compensated and retrained. Adequate monitoring mechanisms will be put in place to assess the environmental impact of the expansion of economic activities.

f. Plans for disseminating results/deliverables:

A series of interaction programs with key stakeholders, subregional workshops, and seminars.

7. Proposed executing/implementing agencies:

Ministry of Commerce and Industry

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

Key stakeholders and their federations (industry/SME associations, labor associations, trade and commerce bodies, etc.) have expressed keen interest in the proposed program. Stakeholders will be involved in the design and implementation to ensure client orientation. A process approach will be adopted to allow for changes in design and implementation according to the evolving needs. Stakeholders have provided inputs on some aspects of the proposed program during the preparation of the ADB-funded Financial Sector Strategy for Nepal.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2001
- b. Expected date of submission for approval
 - Lending: 2004
 - Nonlending (project preparatory): 2003
 - Nonlending (other than project preparatory):
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending: 3 years
 - Nonlending:
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund: \$20 million
 - Other: \$5 million (Government) and \$5 million (bilateral)

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 - No resources required, other than ADB staff

- ADB's administrative budget:
- Grant TA funds
- TA Special Fund: \$400,000
- Japan Special Fund:
- Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT: \$
- JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.9: Technical/ICT Education
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>		
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Education Subsector: Technical/ICT Education</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input checked="" type="checkbox"/> Social protection </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input checked="" type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input checked="" type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input checked="" type="checkbox"/> Social protection	
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p>4. Responsible division/department: South Asia Social Sectors Division</p>		
<p>5. Responsible ADB officer: S. Brar</p>		
<p>6. Description of assistance:</p> <p>a. Background/linkage to country/regional strategy:</p> <p>This TA is in line with the ADB's overall/regional as well as country strategy of poverty reduction. Human development is a key input for poverty reduction.</p> <p>b. Goal and purpose:</p> <p>To impart relevant skills to youth to make them productive in society and improve their employability thus leading to improved incomes and resultant benefits to families, society and the national economy.</p> <p>c. Components, outputs, specific deliverables:</p> <p>To be determined. However, it is expected that different approaches will be piloted for vocational and technical</p>		

education and for effective and multiple uses of information and communications technology in education. These approaches will be region-specific depending upon determined need and availability of supporting infrastructure.

d. Expected results and deliverables:

Expected results will be the imparting of income-generating skills to the beneficiaries as well as institutional capacity building for delivery of ICT and other skills identified as appropriate and marketable.

e. Social or environmental issues or concerns:

There are no issues of social or environmental concern.

f. Plans for disseminating results/deliverables:

The results will be disseminated within ADB and regionally through lessons learned and sharing of documents/evaluations.

7. Proposed executing/implementing agencies:

Ministry of Education/Department of NonFormal Education

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

Will be prepared with full involvement and ownership of all stakeholders. Initial consultations have been held with Government officials and the scope and objectives of the TA and the ensuing loan are in conformity with the government's own development priorities.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CAP 2000
- b. Expected date of submission for approval
 - Lending: 2004
 - Nonlending (project preparatory): September 2002
 - Nonlending (other than project preparatory):
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending:
 - Nonlending: TBD
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources: \$
 - Asian Development Fund: \$20 million
 - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget: \$
 - Grant TA funds
 - TA Special Fund: \$400,000
 - Japan Special Fund: \$
 - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- c. For projects financed by
 - JFICT: \$
 - JFPR: \$

If cofinancing is required indicate sources, and amount sought:
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.10: Subregional Roads Connection
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p> <input checked="" type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input checked="" type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport Subsector: Roads</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Infrastructure Division</p>										
<p>5. Responsible ADB officer: S. Tsukada</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <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. A renewed momentum has emerged to establish closer ties between Nepal, Bangladesh, Bhutan, and India. 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, TA for the northwestern road corridor project has been started, and for India, the West Bengal corridor development project programmed for 2003. It is critical, therefore, to have a similar program for Nepal if the closely linked subregional road network is to be established.</p>										

b. Goal and purpose:

The project will improve efficiency of the cross-border transport in Nepal side, including removal of physical barriers as well as institutional element impediments, which requires associated policy and institutional reforms. The Project will provide Nepal with better access to port and regional markets, and contribute to economic growth by improving transport efficiency and promoting regional cooperation.

c. Components, outputs, specific deliverables:

The project will 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 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.

d. Expected results and deliverables:

- Improve cross-border roads
- Improve cross-border facilities
- Provide access roads to the envisaged export processing zones
- Streamline cross-border formalities
- Establish subregional transit arrangements

e. Social or environmental issues or concerns:**f. Plans for disseminating results/deliverables:**

ADB web site for business opportunity, consultant reports, feasibility study, initial environmental examination, and resettlement plan. Extensive consultation and public hearing during implementation.

7. Proposed executing/implementing agencies:

Ministry of Physical Planning and Works –Department of Road
Ministry of Finance – Custom Department, Ministry of Commerce

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

Several workshops will be held involving all stakeholders: central and district agencies, private sector, and contractors to formulate and agree the scope of the project.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CAP 1999
- b. Expected date of submission for approval
 - Lending: November 2004
 - Nonlending (project preparatory): June 2003
 - Nonlending (other than project preparatory):
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance:
 - Lending: January 2005-December 2010
 - Nonlending: August 2003 – April 2004
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources: \$
 - Asian Development Fund: \$20 million
 - Other: Government

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds
 - TA Special Fund: \$
 - Japan Special Fund: \$600,000
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing): The total costs will be about \$700,000, and the Government will finance \$100,000

c. For projects financed by

- JFICT: \$
- JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.11: Agribusiness Development
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input checked="" type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture Subsector: Agribusiness Development</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Agriculture, Environment and Natural Resources Division</p>										
<p>5. Responsible ADB officer: P. Dayal</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>Agriculture employs 80% of Nepal's labor force and contributes about 40% of GDP, and is therefore a key sector in Nepal's 10th Five Year Plan, its Agriculture Perspective Plan (APP), and, accordingly, ADB's country strategy. To accelerate agricultural diversification and growth, the Government wishes to encourage much greater private-sector involvement in the postharvest, agroprocessing, and trade areas, which have received little attention to date, but which are a key part of the APP vision. The project will build upon planned ADB support to small and medium enterprises (SMEs) and the rural financial sector.</p> <p>b. Goal and purpose:</p> <p>The project will promote rural nonfarm and farm growth by improving investment and employment opportunities in postharvest and agroprocessing activities, and in domestic and international trade, thus encouraging diversified crop, livestock, and dairy production, and thereby stimulating farm-level diversification into</p>										

commercial crops and agri-products based on Nepal's regional comparative advantage.

c. Components, outputs, specific deliverables:

The project will (i) identify policy constraints and recommend improved policies to facilitate private-sector agribusiness investment; (ii) improve access of agri-based SMEs to technical support services and financing; (iii) facilitate market development for diversified agricultural products through promotion of agroprocessing oriented to domestic demand and opportunities for international trade; (iv) strengthen Ministry of Agriculture and Cooperatives (MOAC's) institutional capacity and reorient its approach to facilitate agribusiness development in partnership with the private sector; and (v) improve the capacity of MOAC to manage the project using a participatory approach.

d. Expected results and deliverables:

The project will promote growth and poverty reduction through agricultural diversification, rural nonfarm and peri-urban economic growth, employment creation, stimulation of private-sector participation and public-private partnerships, human resource development, and capacity building in the public and private sectors.

e. Social or environmental issues or concerns:

The project will have positive impacts on rural nonfarm employment, farm incomes, and livelihoods. Environmental concerns are expected to be limited to agricultural effluent disposal, and will be addressed under the TA.

f. Plans for disseminating results/deliverables:

The project will continue the process of reorienting the role of MOAC and other concerned Government agencies away from supply-driven activities to facilitative roles in promoting private agribusiness development, and strengthening the public-sector capacity to monitor and regulate development activities. The project will emphasize participatory planning and implementation with beneficiaries and key stakeholders involved at all stages. This approach will improve ownership of development activities, and develop beneficiaries' self-reliance.

7. Proposed executing/implementing agencies:

MOAC

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

Beneficiaries and other stakeholders, particularly MOAC staff and the private sector, will participate in TA and project implementation. An integrated approach with extensive stakeholder consultation will be used in preparing and implementing the TA to ensure an understanding of the complex systems involved and an appropriate project design.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002
- b. Expected date of submission for approval
 - Lending: May 2005
 - Nonlending (project preparatory): May 2003
- c. Period and duration of assistance
 - Lending: July 2004–July 2010, 6 years
 - Nonlending: July–Dec. 2003

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund: \$20 million
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

Cofinancing may be sought for associated technical assistance.

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds
 - TA Special Fund:
 - Japan Special Fund: \$600,000
 - Other

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT:
- JFPR

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.12: Rural Electrification and Renewable Energy
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input checked="" type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Non-lending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Electricity Supply</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Infrastructure Division</p>										
<p>5. Responsible ADB officer: J. Kuiper</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>ADB's country strategy for Nepal, as described in the 1999 Country Operational Strategy, has the overarching objective of achieving a sustainable reduction in poverty through promotion of employment opportunities and increased rural incomes from faster and broad-based economic growth. This TA and the resulting project will provide affordable electricity supply to more people in rural areas, which will help to raise their standards of living, and provide infrastructure required to support efficient economic growth in rural areas.</p> <p>b. Goal and purpose:</p> <p>The electrification ratio in Nepal is only 18% on a national basis, and only 5% in rural areas. This project will help to extend electricity supply to more people in rural areas. It will also include support for developing off-grid rural renewable energy where feasible. Provision of electricity supply will help to reduce poverty and disparities between rural and urban standards of living. The Project will also include reinforcement and development of distribution in existing service areas.</p>										

c. Components, outputs, specific deliverables:

The TA will include several components: preparation of plans to provide rural electrification by extension of the integrated grid; preparation of plans for strengthening the distribution network of Nepal Electricity Authority (NEA), or its successor companies in distribution after any restructuring; and a feasibility study of the best methods to develop rural renewable electricity supply for remote off-grid communities. The feasibility study for this will review experience with off-grid electricity supply projects in Nepal, and their sustainability both from technical and financial viewpoints. Only those types of renewable energy that are practical, feasible, sustainable, and cost-effective will be considered for finance under the project loan. The financial impacts on NEA, or its successor companies, of supporting rural electrification projects will also be evaluated, and options for sharing the financing burden will be proposed.

The ensuing project loan will finance the recommended and agreed project components in rural electrification and distribution system strengthening.

d. Expected results and deliverables:

The TA will prepare a project suitable for ADB financing. This project will improve electrification ratios in Nepal, and make electricity available to about 800,000 to 1,000,000 more people living in rural areas. It will also strengthen distribution in existing service areas as required to supply load growth.

e. Social or environmental issues or concerns:

No adverse impacts are expected. The project will have some environmental benefits in providing clean, renewable energy.

f. Plans for disseminating results/deliverables:

The study will be discussed in workshops and review meetings while it is in progress. Other funding agencies active in Nepal in similar projects will be invited to join in the workshops. Final study results will be published in a report, which will be shared with government offices and other interested funding agencies.

7. Proposed executing/implementing agencies:

NEA, or its successor companies in distribution in the event of restructuring.

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

The TA project was included in 2004 in the last CSP Update for Nepal for 2002–2004, which was discussed and agreed with the Government in 2001. The Government and NEA support this project.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CAP 2000
- b. Expected date of submission for approval
 - Lending: 2005
 - Nonlending (project preparatory): 2004
 - Nonlending (other than project preparatory):
- c. Period and duration of assistance
 - Lending: 2004-2008
 - Nonlending: TA will require about 10 months

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund: \$30 million
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds
 - TA Special Fund: \$600,000
 - Japan Special Fund:
 - Other (specify, e.g. bilateral, multilateral trust funds): \$100,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT: \$
- JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.13: Rural Finance Development
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input checked="" type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Finance and Banking Subsector: Rural Finance</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Governance, Finance, and Trade Division</p>										
<p>5. Responsible ADB officer: A. Sharma</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>With a per capita GDP at about \$250 and a human development index of 0.454, Nepal is one of the lowest-income countries as well as one with the least social capital. Rural households account for three fourths of the population. Subsistence-oriented agriculture is the primary occupation of the rural population. Among the reasons attributed to high rural poverty incidence (44%) are low agricultural productivity, minimal diversification to remunerative nonfarm income sources, and inadequate access to financial services. Poverty reduction is the thematic priority of ADB assistance to Nepal and the key objective of the Government.</p> <p>Government domination and intervention in rural finance has discouraged the emergence of a viable rural finance system with active private sector participation. Rural finance institutions are weak and insolvent. Commercial banks are reluctant participants in the rural finance markets which remain politicized. The aggregate</p>										

outreach from formal sources is only one fifth of the potential clientele. Recourse to intermittent informal sources by rural households often adversely affects household income patterns. The development of the rural finance markets is critical for the success of the rural development and the agriculture perspective plan of the Government. However, this is unlikely under the current policy and institutional framework.

b. Goal and purpose:

The project will assist the Government to establish a framework for the development of rural financial markets that can sustainably supply four basic services: deposit, credit, payment system, and risk reduction.

c. Components, outputs, specific deliverables:

The project will include enabling policy environment, corresponding financial infrastructure, institutional reforms, private sector participation, and linkages with rural support services. Onlending support will be considered on a need basis. Extensive application of information technology for efficient financial intermediation will also be considered.

d. Expected results and deliverables:

Conducive policies, sustainable institutions, enhanced retail capacity, and greater outreach.

e. Social or environmental issues or concerns:

The project will specifically aim to enhance supply of financial services to women.

f. Plans for disseminating results/deliverables:

Workshop, seminars, training, and media.

7. Proposed executing/implementing agencies:

Nepal Rastra Bank

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

ADB has prepared a rural finance strategy for Nepal based on extensive stakeholder consultation, especially the rural households, to ensure emphasis on client expectation. The Government, the central bank, commercial banks, rural finance institutions, and funding agencies were consulted.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002
- b. Expected date of submission for approval
 - Lending: September 2005
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory):
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending: 3 years
 - Nonlending:
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund: \$20 million
 - Other: \$ 5 million (bilateral): and \$5 million (Government)

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget:

- Grant TA funds
 - TA Special Fund:
 - Japan Special Fund: \$500,000
 - Other: \$200,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT: \$
- JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.14: Kathmandu Valley Water Distribution and Urban Improvement
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p> <input checked="" type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input checked="" type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Social Sector Subsector: Urban Development</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Social Sectors Division</p>										
<p>5. Responsible ADB officer(s): N. Mawilmada</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy:</p> <p>The rapid growth of the urban population, coupled with the Government's inability to keep pace with the demand for infrastructure and services has led to a series of urban environmental concerns in Kathmandu. These include, haphazard growth resulting in unserviced development and inefficient allocation of land, inadequate access to basic infrastructure resulting in significant health risks, and an increase in industrial and vehicle emissions. The burdens associated with these poor environmental conditions are borne disproportionately by the women and children in poor settlements.</p> <p>b. Goal and purpose:</p> <p>The primary goal of the project is to improve the urban environmental conditions of low-income settlements in Kathmandu valley through the provision of sustainable basic urban infrastructure and services. All efforts will be made to involve local stakeholders in every step of the process, and empower communities to manage and</p>										

develop services and environmental conditions in their respective areas. The proposed project is likely to be implemented concurrently with the construction of the distribution network for the Melamchi Water Supply Project. Therefore, all efforts will be made to identify and capitalize on the synergies between the two projects in terms of excavation, traffic management, drainage, road resurfacing, etc.

c. Components and outputs:

The project will provide improvements in basic infrastructure and services in low-income areas of Kathmandu, and will include sanitation, solid waste management, drainage, road rehabilitation, and traffic management. Water supply improvements will be coordinated with the distribution network from the Melamchi Water Supply Project. Other potential synergies with the Melamchi Water Supply Project will also be explored.

d. Expected results and deliverables:

Improved access to basic infrastructure and services on a sustainable basis, improved health conditions in low-income communities, improved hygiene awareness, empowerment of women, and reduced poverty.

e. Social or environmental issues or concerns:

Mainstreaming the participation of women, and minimizing the need for resettlement.

f. Plans for disseminating results/deliverables:

Extensive consultation during implementation.

7. Proposed executing/implementing agencies:

Ministry of Physical Planning and Works

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

The project will be developed in close consultation with the stakeholders in the sector, including the central and local government, other development agencies, and local NGOs and community groups.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CAP 2000
- b. Expected date of submission for approval
 - Lending: 2005
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory):
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending:
 - Nonlending: TBD
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources: \$
 - Asian Development Fund: \$30 million
 - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

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

- Japan Special Fund: \$400,000
- Other (specify, e.g., bilateral and multilateral trust funds): \$ 400,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT: \$
- JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.15: Water Management Improvement⁷
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture/ Water Resources Subsector: Water Resources/ Irrigation</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input type="checkbox"/> Country <input checked="" type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Agriculture, Environment and Natural Resources Division</p>										
<p>5. Responsible ADB officer: K. Yokoyama</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>Increasing agricultural productivity is crucial in reducing poverty and promoting food security in Nepal. A key element of the Government's strategy to this end is to improve the productivity and sustainability of the existing irrigation systems through strengthening farmer water user associations (WUAs), improving critical infrastructure, transferring the operations and maintenance responsibility to WUAs, and providing support services such as agricultural extension. The ongoing Irrigation Management Transfer Project⁸ (IMTP) is assisting this process in the 11 medium and large-scale publicly managed irrigation schemes (PMISs).</p>										

⁷ Formerly named Irrigation Management Transfer II.

⁸ ADB. 1994. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Nepal for the Irrigation Management Transfer Project*. Manila.

The Government has recently initiated water sector reforms towards integrated water resources management (IWRM), preparing the Water Resources Strategy (WRS), which sets out sector goals and institutional framework for the optimal development of water resources, adopting an integrated approach on the basis of river basins. A review of the Agriculture Perspective Plan is also being undertaken to further improve the overall agricultural policy framework with ADB assistance. Under the circumstance, the proposed TA and ensuing loan intend to (i) promote the implementation of WRS through establishing effective institutional framework in water resources sector covering water management and irrigation service delivery functions, and (ii) institutionalize improved arrangements to enhance the productivity and sustainability of PMISs, by incorporating the lessons learned in IMTP.

The country operational strategy noted that sustainable growth in agriculture is a prerequisite for poverty reduction and economic growth of the country, given its high shares in GDP and employment (40% and 73%). 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. The strategy also emphasizes the sound sector policy, institutional environment, and capacity development in ADB operations, which the ensuing loan will enhance. Furthermore, ADB's Water Policy supports (i) the Government's emerging policy principle of IWRM, and (ii) the SISP's objective of improving irrigation service delivery by strengthening WUAs. These need to be promoted with effective mutual institutional linkages, with the guidance of the Water Policy.

b. Goal and purpose:

The goal of the TA and the ensuing project is to support the Government's poverty reduction effort in the concerned project areas. The purpose is to improve the overall water resources management in the priority river basins while increasing agricultural production in the priority PMISs through sustainable irrigation infrastructure rehabilitation and modernization with management transfer to WUAs.

c. Components, outputs, specific deliverables:

The TA will prepare a loan project that will comprise (i) institutional development for IWRM in priority river basins, and (ii) irrigation management transfer of selected PMISs comprising (a) institutional development of WUAs, (b) improved infrastructure (on condition to sufficient WUA development), (c) agriculture extension, and (d) capacity development of irrigation institutions. The expected outcome of the project will be the reduction of poverty through (i) improved overall water resources management in the selected river basin, (ii) increased agricultural production, (iii) increased employment opportunities, (iv) improved food security, and (v) community mobilization and empowerment. It will also protect the natural environment through reduced pressure on forestland and other nonirrigated land.

d. Expected results and deliverables:

The TA outputs will initiate the first steps to implement the WRS. It will also contribute to the achievement of the sectoral targets for irrigation rehabilitation and modernization as well as increased agricultural production under the Government's Irrigation Development Plan and the 10th Five-year Plan (FY2003–2007).

e. Social or environmental issues or concerns:

The proposed project is expected to provide overall positive social and environmental impacts in terms of improved water resources management within the selected river basins, increased incomes and resulting poverty reduction, improved WUA governance for effective water resource management, and reduced environmental pressure on the adjacent land. However, it also may cause potential negative impacts in terms of (i) increased social conflicts within FMIS and/or with other FMIS located elsewhere; and (ii) water quality degradation due to increased use of agrochemicals. The TA will provide a framework to address these issues.

f. Plans for disseminating results/deliverables:

The project will develop an effective institutional mechanism to operate IWRM in the priority river basins, and refine and improve the procedures and arrangements for irrigation management transfer of the PMIS, which will be replicated within the country at large.

7. Proposed executing/implementing agencies:

Water and Energy Commission Secretariat (WECS)
Department of Irrigation (DOI)

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

The project has been identified on the basis of the recent finalization of the WRS and the needs to further institutionalize the procedure and arrangements for irrigation management transfer of the PMIS while improving

their productivity and sustainability. The TA will undertake intensive consultation with stakeholders including NGOs, regarding the appropriate institutional framework for IWRM at river basin levels, and institutional procedures and arrangements for promoting the irrigation management transfer of PMISs.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2001
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory): March 2004
 - Nonlending (other than project preparatory):
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending:
 - Nonlending: 9 months
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources:
 - Asian Development Fund: \$ 20 million
 - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget: \$
 - Grant TA funds
 - TA Special Fund: \$
 - Japan Special Fund: \$500,000
 - Other

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- c. For projects financed by
 - JFICT: \$
 - JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES

This appendix contains the concept papers for projected nonlending products.

- (i) Table A3.1: Institutional Strengthening of Department of Local Infrastructure and Roads
- (ii) Table A3.2: Implementing Power Sector Restructuring
- (iii) Table A3.3: Social Protection Study in Nepal
- (iv) Table A3.4: Strengthening Project Implementation and Quality Assurance
- (v) Table A3.5: Institutional Strengthening for Private Sector Development
- (vi) Table A3.6: Education Sector Development
- (vii) Table A3.7: Second International Airport: Public-Private Partnership
- (viii) Table A3.8: Strengthening Agricultural Data Analysis Capacity for Better Policy Making
- (ix) Table A3.9: Crop Diversification II
- (x) Table A3.10: Community Groundwater Irrigation Sector II
- (xi) Table A3.11: Financial Market Development
- (xii) Table A3.12: Second Community-based Water Supply and Sanitation
- (xiii) Table A3.13: Secondary Towns Urban and Environmental Improvement
- (xiv) Table A3.14: Second Road Network Development
- (xv) Table A3.15: Governance Reform II

CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES

**Table A3.1: Institutional Strengthening of Department of Local Infrastructure and Roads
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input checked="" type="checkbox"/> Institutional development</p> <p style="margin-left: 40px;"><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>		
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Rural Development Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection </td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection
<input checked="" type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other:	<input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input type="checkbox"/> Private sector development <input type="checkbox"/> Social protection	
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>		
<p>4. Responsible division/department: South Asia Agriculture, Environment and Natural Resources Division</p>		
<p>5. Responsible ADB officer(s): A. Goffeau</p>		
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy:</p> <p>Through the Local Self-Governance Act, promulgated by the Government in 1999, the responsibility of planning and implementing rural infrastructure development has been devolved to the local governing institutions, district development committees (DDCs) and village development committees (VDCs). 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 backup for infrastructure development in rural areas. However, due to limited capacity and organizational structure still in the making, DoLIDAR is not yet able to effectively carry out its functions.</p>		

b. Goal and purpose:

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 (APP), (ii) reforms and institutional strengthening needed for O&M of rural infrastructure.

c. Components and outputs:

- (i) A comprehensive review of the rural infrastructure development sector
- (ii) A review of DoLIDAR's organizational structure and mandate, and a practiced set of procedural guidelines including roles and responsibilities of each unit
- (iii) An aid donor coordination mechanism practiced by DoLIDAR
- (iv) An appropriate operationalized project management and evaluation system

d. Expected results and deliverables:**e. Social or environmental issues or concerns:****f. Plans for disseminating results/deliverables:****7. Proposed executing/implementing agencies:**

Ministry of Local Development

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

(Note: Mention the institutions in government and civil society, including nongovernment organizations, that have been consulted about the project, and the nature of the consultations.)

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2001
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory): 2003
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending:
 - Nonlending:
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
 - Ordinary capital resources: \$
 - Asian Development Fund: \$400,000
 - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget: \$
 - Grant TA funds
 - TA Special Fund: \$350,000
 - Japan Special Fund: \$
 - Other (specify, e.g., bilateral and multilateral trust funds): \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT: \$
- JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.2: Implementing Power Sector Restructuring
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other</p> <p><input checked="" type="checkbox"/> Non-lending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Electric Power</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Infrastructure Division</p>										
<p>5. Responsible ADB officer: J. Kuiper</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country strategy:</p> <p>ADB's country strategy for Nepal, as described in the 1999 country operational strategy, has the overarching objective of achieving a sustainable reduction in poverty by promoting employment opportunities and increasing rural incomes from faster and broad-based economic growth. Building effective institutions needed to implement socioeconomic development in a market economy is critical to achieving this objective. Capacity building must take precedence over levels of assistance, including the formulation of long-term institutional development strategies. This TA will be an important step forward in the institutional restructuring of electricity supply, which is now almost entirely controlled by the state-owned Nepal Electricity Authority (NEA), and creation of an enabling framework that will promote more decentralization, a more commercial orientation and improved efficiency, and more private investment in this sector.</p> <p>b. Goal and purpose:</p> <p>This will be a follow-up to the TA on Reform and Restructuring of NEA, which is being conducted in 2002, that</p>										

will conduct a general feasibility study of various options for restructuring and unbundling of NEA. This follow-up TA is required to prepare detailed plans for restructuring according to the agreed general model for reform, and to implement these plans. This restructuring will create an enabling framework that will promote a more commercial orientation and improved efficiency of power supply operations, and will attract more private investment in the sector, both for equity ownership and for lending.

c. Components, outputs, specific deliverables:

The TA will prepare detailed plans for the restructuring of NEA. This will include separating and restructuring its distribution operations, and unbundling generation and transmission if feasible. New management structures with independent boards of directors, and an independent regulatory agency also need to be established. The TA will prepare detailed plans for separation of operating responsibilities, staff, physical assets, financial assets, tariff structures for bulk power supply, transmission services, and distribution services, and financing plans for each of the new power companies. These will be prepared in separate reports, each of which will be reviewed carefully, but they must also be properly integrated. Counterpart staff working groups and management workshops are also planned to ensure a broad base of ownership and support for the restructuring plans.

d. Expected results and deliverables:

The restructuring of NEA will establish a new framework for power supply operations, with unbundled and more independent power supply companies. This restructuring is expected to promote a more commercial orientation to power supply operations, with clear accountability and responsibility for cost control at each level of operation. This will result eventually in more economic power supply. It will also create an enabling environment that attracts more private shareholders into the sector, particularly for distribution operations, which are now entirely government-owned.

e. Social or environmental issues or concerns:

The main social issue will be the redeployment of NEA staff to new power companies. Staff layoffs are not expected. Workshops to acquaint staff with plans for change will be conducted. There are no environmental issues.

f. Plans for disseminating results/deliverables:

Reports will be prepared with detailed plans for the main components of restructuring. Workshops will also be conducted to explain the results. A special office/ task force to implement the restructuring will be established in Nepal.

7. Proposed executing/implementing agencies:

Department of Electricity Development

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

During the last mission to Nepal in Feb 2002, the mission held a special meeting with the secretary of water resources (responsible for NEA operations), the director general of the Department of Electricity Development, and the joint secretary of finance, who specifically asked for ADB assistance in this area. They are quite determined to restructure NEA. Such restructuring is also included as an official policy objective in the Government's recent Medium-Term Expenditure Framework (Feb 2002).

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2001
- b. Expected date of submission for approval
Nonlending: 2003
- c. Period and duration of assistance
Lending:
Nonlending: 10 months from start date

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

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

If cofinancing is required indicate sources, and amount sought:
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds
 - TA Special Fund: \$600,000
 - Japan Special Fund:
 - Other: Cofinancing may be sought from PPIAF and other sources

If cofinancing is required indicate sources, and amount sought:
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT: \$
- JFPR: \$

If cofinancing is required indicate sources, and amount sought:
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.3: Social Protection Study in Nepal
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance (double-click on appropriate box)</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Social Protection Subsector: None</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input checked="" type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Social Sector Division</p>										
<p>5. Responsible ADB officer(s): Social Protection Specialist (Tbd)</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy:</p> <p>While the human development indicators for Nepal have increased significantly over the decade, the level of indicators is low, even by South Asian standards. The people in the poorest regions of the country have the lowest access to education and basic health services, and highest rates of infant mortality and malnutrition. Poverty undermines human development efforts. Illiteracy, malnutrition, and disease reduce development and worsening poverty. Human development has significant gender differences. The maternal mortality rate is one of the highest in the Asia and Pacific region. Gender disparity persists in educational attainment and health status. Human development also varies for different income groups. Only 20% of the poor are literate compared with 60% of those in the higher income groups. Child labor is prevalent. The high levels of poverty and low human development make people highly vulnerable to all types of risks. The formal sector is limited and reaches a small portion of the population. The major challenge for Nepal is how to overcome the low levels of human development. ADB's country strategy in Nepal, has the overarching objective of achieving a sustainable reduction in poverty by promoting employment opportunities, and improving the quality of services.</p>										

b. Goal and purpose:

The purpose of the TA is to identify social protection priorities for project intervention within the context of Nepal. More specifically the TA will explore the following areas: labor market in public works, microfinance, social insurance at the community level, child protection, and employment and education for women and girls, to determine country-specific social protection needs.

c. Components and outputs:

The TA will include review the existing social protection system in the formal and informal sectors, and prepare studies and recommendations for policy formulation and project interventions.

d. Expected results and deliverables:

The TA will identify potential area for an ADB project to address social protection activities.

e. Social or environmental issues or concerns:

No adverse impacts are expected. The TA will have social and human development benefits for the poor and vulnerable people.

f. Plans for disseminating results/deliverables:

The study will be discussed in workshops with the Government, funding agencies and relevant stakeholders. The final study will be published and be shared with government and interested funding agencies for future policy and project formulation.

7. Proposed executing/implementing agencies:

To be determined

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

(Note: Mention the institutions in government and civil society, including nongovernment organizations that have been consulted about the project, and the nature of the consultations.)

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory): TBD
 - Nonlending (other than project preparatory): June 2003
 - Activities financed by JFICT or JFPR: June 2003
- c. Period and duration of assistance
 - Lending:
 - Nonlending:
 - Activities financed by JFPR: June 2003-June 2004

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

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

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 - No resources required, other than ADB staff

- ADB's administrative budget: \$
- Grant TA funds
 - TA Special Fund:
 - Japan Special Fund: \$250,000
 - Other: \$150,000

If cofinancing is required indicate sources, and amount sought:
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT: \$
- JFPR: \$

If cofinancing is required indicate sources, and amount sought:
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.4: Strengthening Project Implementation and Quality Assurance
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Rural Development Subsector: Irrigation (and other rural infrastructure)</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input type="checkbox"/> Country <input checked="" type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Agriculture, Environment and Natural Resources Division</p>										
<p>5. Responsible ADB officer: K. Yokoyama</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>Construction quality control is a complex and difficult task, in particular for small-scale irrigation and other rural infrastructure works, of which implementation is often scattered over wide range of and remote areas. Poor quality leads to rapid deterioration of completed works and necessitates large operations and maintenance and repair costs, undermining the local community's efforts to sustain the project benefits. Hence quality control is a key to sustainable irrigation and rural development. Unsatisfactory quality of works is often associated with weak project management including inadequate surveys and designs, weakness in procurement procedures and administration, lax contract management, and inadequate supervision.</p> <p>A technical assistance (TA) for the Community-Managed Irrigation Sector Project (CMISP) is to identify these constraints in detail and stipulate necessary remedial measures to be reflected in the ensuing project design. Nevertheless, the institutionalization of the appropriate procedures and arrangements must be supported by providing sufficient capacity development and monitoring support under the advisory technical assistance.</p>										

In the country operational strategy, inadequate governance of public agencies has been noted as one of the major constraints in ensuring effective implementation of development initiatives at large. Improving construction quality control is an essential step to ensuring sustainability of participatory irrigation management promoted by the Government, and hence one important element of improved governance in Nepal.

b. Goal and purpose:

The goal of the TA is to support the Government's effort to improve the construction quality control of rural infrastructure at large. Its immediate purpose is to support the capacity development of effective construction quality control systems for the development of farmer-managed irrigation systems (FMIS) (and other rural infrastructure as appropriate).

c. Components, outputs, specific deliverables:

(Specific components and outputs will be defined under the TA for the CMISP in 2002, and include the support for a transparent and autonomous quality assurance unit.)

d. Expected results and deliverables:

The TA will contribute to the institutionalization of effective construction quality control systems for FMIS development (and other rural infrastructure as necessary).

e. Social or environmental issues or concerns:

The proposed project is expected to provide overall positive social and environmental impacts through provision of better infrastructure that the local community can operate and maintain in a sustainable manner.

f. Plans for disseminating results/deliverables:

The system to be established under the TA can be replicated throughout the country across concerned public agencies to improve the construction quality of the country at large.

7. Proposed executing/implementing agencies:

To be determined

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

Appropriate construction quality control arrangements and procedures will be intensively discussed and finalized through consultation with stakeholders and the Government during the TA for the CMISP.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory):
 - Nonlending (other than project preparatory): June 2003
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending:
 - Nonlending:
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

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

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

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

- Grant TA funds
 - TA Special Fund: \$400,000
 - Japan Special Fund: \$
 - Other: \$300,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT: \$
- JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.5: Institutional Strengthening for Private Sector Development
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Private Sector Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Governance, Finance, and Trade Division</p>										
<p>5. Responsible ADB officer: To be determined</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>The proposed PSDP for 2004 covers areas that the Government and the private sector stakeholders such as the Federation of Chambers of Commerce and Industry will be pursuing for the first time. Accordingly, the institutional capacity to implement and sustain the proposed reform must be enhanced.</p> <p>b. Goal and purpose:</p> <p>Facilitate private sector development through capacity building of stakeholders on aspects identified and prioritized by the stakeholders with the specific aim to enhance the role of market.</p> <p>c. Components, outputs, specific deliverables:</p> <p>The TA will concentrate on improving governance of regulatory agencies, strengthening public-private interface, and supporting demand-based business advisory services for SMEs.</p> <p>d. Expected results and deliverables:</p> <p>Improved governance, innovative mechanisms to facilitate public-private interface, and greater access to</p>										

business advisory services for SMEs. The TA will utilize, coordinate with, and leverage the interventions by other funding agencies. Emphasis will be on documentation and training of trainers.

e. Social and environmental issues or concerns:

Wider representation in general and participation of women in particular will be encouraged.

f. Plans for disseminating results/deliverables:

Workshops, seminars, manuals/guidelines.

7. Proposed executing/implementing agencies:

Ministry of Commerce and Industry

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

Involvement of key stakeholders and their federations (industry/SME associations, labor associations, trade and commerce bodies, etc.) from the design phase of the PSDP will ensure the TA inputs are focused and prioritized.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002

b. Expected date of submission for approval

Lending:

Nonlending (project preparatory):

Nonlending (other than project preparatory): 2004

Activities financed by JFICT or JFPR:

c. Period and duration of assistance

Lending:

Nonlending: 1 year

Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

a. For lending

Ordinary capital resources:

Asian Development Fund:

Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

No resources required, other than ADB staff

ADB's administrative budget:

Grant TA funds

TA Special Fund: \$ 500,000

Japan Special Fund:

Other: \$200,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

JFICT: \$

JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

Table A3.6: Education Sector Development Concept Paper

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Education Subsector: School Education</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input checked="" type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Social Sector Division</p>										
<p>5. Responsible ADB officer: S. Brar</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>This TA is in line with the ADB's overall/regional as well as country strategy of poverty reduction. Human development is a key input for poverty reduction.</p> <p>b. Goal and purpose:</p> <p>To review and analyze the education sector in light of the inputs already being made and to assess the level of coherence of these inputs and plan for a more integrated structure. Based on this analysis to identify gaps/areas that need strengthening to improve the quality and efficiency of school education in Nepal.</p> <p>c. Components, outputs, specific deliverables:</p> <p>To be determined</p> <p>d. Expected results and deliverables:</p> <p>Expected results will be strengthened institutional capacity, improved learning environment, a more capable</p>										

teaching force, and as a result improved access and quality as measured by improved enrollments, reduction of dropouts, higher learning achievements.

e. Social or environmental issues or concerns:

There are no issues of social or environmental concern.

f. Plans for disseminating results/deliverables:

The results will be disseminated within ADB and regionally through lessons learned and sharing of documents/evaluations.

7. Proposed executing/implementing agencies:

Ministry of Education

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

Will be prepared with full involvement and ownership of all stakeholders

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002

b. Expected date of submission for approval

Lending:

Nonlending (project preparatory): 2004

Nonlending (other than project preparatory):

Activities financed by JFICT or JFPR:

c. Period and duration of assistance

Lending:

Nonlending: TBD

Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

a. For lending

Ordinary capital resources: \$

Asian Development Fund: \$

Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

No resources required, other than ADB staff

ADB's administrative budget: \$

Grant TA funds

TA Special Fund: \$600,000

Japan Special Fund: \$

Other: \$200,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

JFICT: \$

JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.7: Second International Airport: Public-Private Partnership
Concept Paper**

Date: 1 July 2002

1. Type/modality of assistance <input type="checkbox"/> Lending <input type="checkbox"/> Project loan <input type="checkbox"/> Program loan <input type="checkbox"/> Sector loan <input type="checkbox"/> Sector development program loan <input type="checkbox"/> Other <input checked="" type="checkbox"/> Nonlending <input type="checkbox"/> Project preparatory <input checked="" type="checkbox"/> Other than project preparatory <input checked="" type="checkbox"/> Economic, thematic, and sector work <input type="checkbox"/> Institutional development <input type="checkbox"/> Other: <input type="checkbox"/> Activities financed by JFICT or JFPR			
2. Assistance Focus a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport Subsector: Civil Aviation b. For project preparatory and lending, classification <input type="checkbox"/> Core poverty intervention <input type="checkbox"/> Poverty intervention c. Key thematic area <input type="checkbox"/> Economic growth <input type="checkbox"/> Gender and development <input type="checkbox"/> Environmental protection <input type="checkbox"/> Regional cooperation <input type="checkbox"/> Other: <input type="checkbox"/> Human development <input type="checkbox"/> Good governance <input checked="" type="checkbox"/> Private sector development <input type="checkbox"/> Social protection			
3. Coverage <input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional <input type="checkbox"/> Internal policy development			
4. Responsible division/department: South Asia Infrastructure Division			
5. Responsible ADB officer: To be determined			
6. Description of assistance a. Background/linkage to country/regional strategy: <p>As a landlocked country, civil aviation is critical to Nepal's development. Expansion of import and export trade and tourism, a key industry and source of foreign exchange to Nepal, are constrained by technical limitations imposed by the terrain surrounding Nepal's only international airport located within the Kathmandu Valley. A second international airport in the lowland Terai is needed to sustain Nepal's growth and development prospects. In view of the high-cost of such a project and the prospect of attracting private sector involvement, the Government would like to develop the new airport as a public-private joint venture.</p>			
b. Goal and purpose: <p>To facilitate public-private partnership in development of a second international airport</p>			
c. Components, outputs, specific deliverables: <p>The TA will review the current policy environment, constraints on, and options for a public-private partnership for the new airport.</p>			
d. Expected results and deliverables: <p>Initial feasibility and set of recommendations on measures needed to enable the project to go forward as a public-private joint venture.</p>			

<p>e. Social or environmental issues or concerns:</p> <p>Potential social and environmental issues at the likely site(s) will be identified for future detailed study.</p> <p>f. Plans for disseminating results/deliverables:</p> <p>Seminars/workshops with senior Government officials and other stakeholders, especially in the private sector.</p>
<p>7. Proposed executing/implementing agencies:</p> <p>Ministry of Culture, Tourism and Civil Aviation and Civil Aviation Authority of Nepal.</p>
<p>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</p> <p>Discussions held with Ministry of Culture, Tourism & Civil Aviation, Civil Aviation Authority of Nepal, National Planning Commission, and Ministry of Finance. In preparing assistance, it will be necessary to discuss with the Federation of Nepalese Chamber of Commerce and Industry and other business groups with interest in aviation. The advisory TA will also need to identify other civil society groups likely to be interested in development of a second airport, with a view to future consultations.</p>
<p>9. Timetable for assistance design, processing, and implementation</p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002</p> <p>b. Expected date of submission for approval</p> <p>Lending:</p> <p>Nonlending (project preparatory):</p> <p>Nonlending (other than project preparatory): Q1 2004</p> <p>Activities financed by JFICT or JFPR:</p> <p>c. Period and duration of assistance</p> <p>Lending:</p> <p>Nonlending: 6 months</p> <p>Activities financed by JFICT or JFPR:</p>
<p>10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending</p> <p><input type="checkbox"/> Ordinary capital resources: \$</p> <p><input type="checkbox"/> Asian Development Fund: \$</p> <p><input type="checkbox"/> Other: \$</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending</p> <p><input type="checkbox"/> No resources required, other than ADB staff</p> <p><input type="checkbox"/> ADB's administrative budget: \$</p> <p><input checked="" type="checkbox"/> Grant TA funds</p> <p><input checked="" type="checkbox"/> TA Special Fund: \$800,000</p> <p><input type="checkbox"/> Japan Special Fund: \$</p> <p><input checked="" type="checkbox"/> Other: \$400,000</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>Total costs will be about \$1.5 million to be financed by ADB \$800,000, Cofinancing: \$400K Japan, and the Government \$300,000.</p> <p>c. For projects financed by</p> <p><input type="checkbox"/> JFICT: \$</p> <p><input type="checkbox"/> JFPR: \$</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.8: Strengthening Agricultural Data Analysis Capacity for Better Policy Making
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Others Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: Development Indicators and Policy Research Division</p>										
<p>5. Responsible ADB officer: D. Maligalig</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>The agriculture sector continues to be the backbone of Nepal's economy. It comprises almost 40% of Nepal's gross domestic product and has consistently received the major share of development funds. In fact, in addition to the government's general plan, an Agricultural Perspective Plan (APP) was developed with ADB's assistance. Monitoring of the APP and the Government's Tenth Plan, requires statistics preferably at a finer level of disaggregation than what regular surveys such as the Crops and Livestock Survey could provide. The 2002 Census of Agriculture offers the most comprehensive database that could supplement the Crops and Livestock Survey and other periodic household surveys that the Government conducts to monitor the plans.</p> <p>b. Goal and purpose:</p> <p>The goal of the assistance is to assist the Central Bureau of Statistics (CBS) in fully utilizing the census of agriculture to support policy formulation and monitoring. The purposes of the assistance are to upgrade the capacity of CBS in analyzing and disseminating the results of the Census and to promote the use of these statistics in policymaking, project formulation, and monitoring.</p>										

c. Components, outputs, specific deliverables:

Research grants that will utilize the census data, and other CBS surveys to study the agriculture development in Nepal will be granted to local qualified researchers; CBS staff will be trained in data analysis; census data together with other surveys will be used in developing statistical methodologies for mapping agricultural development; workshops will be offered to policymakers and other key government staff on how to effectively use data and other information in policymaking; a website (if there is none yet at that time) will be developed to publish all the assistance's outputs and other CBS results.

d. Expected results and deliverables:

More use of data in policy formulation; effective monitoring of projects and policies; publication of research results both in hardcopy and on the Internet; upgrading of skills of CBS staff in data analysis, processing, and dissemination.

e. Social or environmental issues or concerns: None**f. Plans for disseminating results/deliverables:**

The results of the census of agriculture, analysis, research papers, and other outputs of this assistance will be disseminated in workshops, through the Internet and other research publications that will be popularized for policymakers and other government agencies' key staff.

7. Proposed executing/implementing agencies:

Central Bureau of Statistics, Nepal

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

This assistance was requested by CBS and the National Planning Commission in 1999 when the census of agriculture was being planned. These agencies and the Ministry of Agriculture were consulted in the project formulation.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 1999
- b. Expected date of submission for approval
 Lending:
 Nonlending (project preparatory):
 Nonlending (other than project preparatory): March 2004
 Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 Lending:
 Nonlending: 3 years
 Activities financed by JFICT or JFPR: None

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
- Ordinary capital resources:
 - Asian Development Fund:
 - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
- No resources required, other than ADB staff
 - ADB's administrative budget:
 - Grant TA funds
 - TA Special Fund: \$500,000
 - Japan Special Fund
 - Other: \$100,000

If cofinancing is required indicate sources, and amount sought:
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

JFICT:

JFPR:

If cofinancing is required indicate sources, and amount sought:
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.9: Crop Diversification II
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture Subsector: Agriculture Support Services</p> <p>b. For project preparatory and lending, classification</p> <p><input checked="" type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Agriculture, Environment and Natural Resources Division</p>										
<p>5. Responsible ADB officer(s): P. Dayal</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy:</p> <p>The Crop Diversification Project (Loan 1778-NEP) became effective in April 2001. It covers 12 districts in the poverty-stricken Midwestern and Far Western regions in Nepal. The proposed Crop Diversification Project II will continue support for farmer groups in these districts and expand the involvement of the private sector in agricultural support services. The Government has already requested the expansion of the project area by including new districts. However, this needs to be considered in view of the performance of the first Crop Diversification Project.</p> <p>b. Goal and purpose:</p> <p>c. Components and outputs:</p> <p>d. Expected results and deliverables:</p> <p>e. Social or environmental issues or concerns:</p>										

f. Plans for disseminating results/deliverables:
7. Proposed executing/implementing agencies:
8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: (Note: Mention the institutions in government and civil society, including nongovernment organizations, that have been consulted about the project, and the nature of the consultations.)
9. Timetable for assistance design, processing, and implementation a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2001 b. Expected date of submission for approval Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): Activities financed by JFICT or JFPR: c. Period and duration of assistance Lending: Nonlending: Activities financed by JFICT or JFPR:
10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements) a. For lending <input type="checkbox"/> Ordinary capital resources: \$ <input type="checkbox"/> Asian Development Fund: \$ <input type="checkbox"/> Other: \$ If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing): b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: \$ <input checked="" type="checkbox"/> Grant TA funds <input checked="" type="checkbox"/> TA Special Fund: \$ 600,000 <input type="checkbox"/> Japan Special Fund: \$ <input type="checkbox"/> Other (specify, e.g., bilateral and multilateral trust funds): \$ If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing): c. For projects financed by <input type="checkbox"/> JFICT: \$ <input type="checkbox"/> JFPR: \$ If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.10: Community Groundwater Irrigation Sector II
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Water Resources Subsector: Irrigation</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input type="checkbox"/> Country <input checked="" type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Agriculture, Environment and Natural Resources Division</p>										
<p>5. Responsible ADB officer: K. Yokoyama</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>With the high incidence of rural poverty associated with low land productivity due to erratic rainfall, poor input supply and support services, and lack of infrastructure, increasing agricultural productivity is crucial in reducing poverty and ensuring food security in Nepal. To this end, shallow tubewell (STW) irrigation has been identified as a priority input to the sector strategy in the Agriculture Perspective Plan (APP) because of its dramatic implications to increase agriculture production for smallholders. The ongoing Community Groundwater Irrigation Sector Project ¹ (CGISP) is being implemented to assist this process.</p> <p>CGISP is being implemented with strong participatory approach focusing on small and marginal farmers, with the involvement of nongovernment organizations (NGOs), emphasis on tubewell services by the private sector, and development of greater self-reliance among beneficiaries through stringent cost-recovery norms. While initial</p>										

¹ ADB. 1998. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Nepal for the Community Groundwater Irrigation Sector Project*. Manila.

progress has been slow, its activities are expected to accelerate with improved policy environment including the abolishment of STW subsidies and removal of constraints in credit provisions. The Government also undertook an interim review of the APP recently, in which STW irrigation has been accorded continued high priority. Under the circumstance, the proposed TA and ensuing loan need to be implemented to promote the further institutionalization of the demand-driven, poverty-focused participatory STW irrigation development, by incorporating the lessons learned in the Second Irrigation Sector Project under the market-oriented policy environment promoted through the APP.

The country operational strategy noted that sustainable growth in agriculture is a prerequisite for poverty reduction and economic growth of the country, given its high shares in gross domestic product and employment (40% and 73%). 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.

b. Goal and purpose:

The goal of the project is to support the Government's poverty reduction effort in the Terai. The purpose is to increase agricultural production through sustainable stakeholder-driven, smallholder STW irrigation development and necessary support services including farm-to-market road, agricultural extension, and credit.

c. Components, outputs, specific deliverables:

The proposed project will comprise (i) community STW irrigation development, (ii) improvement of farm-to-market road, (iii) provision of credit for group (STA) investments and crop production, and (iv) institutional strengthening project agencies and local communities. The expected outcome of the project will be the reduction of poverty through (i) increased agricultural production, (ii) increased employment opportunities, (iii) improved food security, and (iv) community mobilization and empowerment. It will also protect the natural environment through reduced pressure on forestland and other nonirrigated land.

d. Expected results and deliverables:

The project outputs will contribute to the achievement of the sectoral targets for STW irrigation development and the increased agricultural production under the Government's Irrigation Development Plan, APP, and the Five-year plans.

e. Social or environmental issues or concerns:

The proposed project is expected to provide overall positive social and environmental impacts in terms of increased incomes and resulting poverty reduction, empowerment of small and marginal farmers through group formation, and reduced environmental pressure on the adjacent land.

f. Plans for disseminating results/deliverables:

The project will refine and improve the procedures and arrangements to promote STW irrigation.

7. Proposed executing/implementing agencies:

Department of Irrigation (DOI)

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

The project aims to institutionalize the procedure and arrangements to enhance STW irrigation in line with the Government's sector development target, with improved governance and poverty reduction focus. It will be formulated under TA in 2004 based on the intensive consultation with stakeholders including NGOs.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CAP 1998
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory): mid 2004 (Contingent on acceleration of ongoing CGISP progress)
 - Nonlending (other than project preparatory):
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending:
 - Nonlending:
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

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

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
- No resources required, other than ADB staff
 - ADB's administrative budget: \$
 - Grant TA funds
 - TA Special Fund: \$
 - Japan Special Fund: \$400,000
 - Other

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- c. For projects financed by
- JFICT: \$
 - JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.11: Financial Market Development
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Financial Sector Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Governance, Finance, and Trade Division</p>										
<p>5. Responsible ADB officer: W. Liepach</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>An effective financial sector is a prerequisite for generation of growth and employment opportunities. The focus of ADB's assistance in financial sector is on improving governance, transparency, and accountability in the financial and the corporate sectors by upgrading the legal and regulatory framework. This has laid down the necessary groundwork to support a full range of institutions and markets that are required for a well-functioning sector for interlinkages and smooth flows of funds. Further support for financial market development will assist Nepal as it seeks to be a member of the World Trade Organization, enhance its participation in the regional trade agreement (SAFTA), and meet the evolving needs of the real economy.</p> <p>b. Goal and purpose:</p> <p>The TA will assess the enabling policy environment, institutional base, and range of products and services necessary for a stable, resilient, and sustainable financial market that reflects fair competition and improved efficiency.</p>										

c. Components, outputs, specific deliverables:

The TA will prepare a financial market development program including (i) strategy for integration of the overall financial markets in general and the investment institutions (prospective investment institutions act) in particular—provident fund, contractual savings, insurance, and others, and its linkages within the broad financial markets; (ii) regulatory and policy framework; (iii) capacity building needs of the investment institutions including development of a corporate bond market and development of the government bond market to complement the interventions under the Corporate and Financial Governance (CFG) Project; (iv) examine strategic options for the Securities Board to function as a securities commission or financial services authority in a wider context of the financial market integration. The TA will assess the possible interventions to promote the use of information technology in financial markets.

d. Expected results and deliverables:

A financial market development program supported by a consistent policy environment prepared with due participatory process within the scheduled time frame.

e. Social and environmental issues or concerns:

The TA will ensure that participation is equitable with balanced representation in this integration process. The environmental impact of the expansion of effort will be reassessed.

f. Plans for disseminating results/deliverables:

A series of interaction programs with key stakeholders, subregional workshops, and seminars.

7. Proposed executing/implementing agencies:

Ministry of Finance

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

During the TA, extensive discussions will be held with a range of stakeholders including nongovernment organizations. Ownership and commitment to reform will be secured by involving relevant stakeholders in all stages of the TA. Inputs of key stakeholders during the preparation of the ADB-funded Financial Sector Strategy for Nepal will be also incorporated.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory): 2005
 - Nonlending (other than project preparatory):
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending:
 - Nonlending: 8 months
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

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

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget: \$10,000

- Grant TA funds
 - TA Special Fund: \$ 700,000
 - Japan Special Fund:
 - Other: \$ 100,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT: \$
- JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.12: Second Community-based Water Supply and Sanitation
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance (double-click on appropriate box)</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input checked="" type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Social Sector Subsector: Water Supply</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Social Sectors Division</p>										
<p>5. Responsible ADB officer(s): N. Mawilmada</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy:</p> <p>Access to safe water and sanitation in Nepal is poor. Water supply coverage in Nepal is estimated at around 70%, while sanitation coverage is estimated at around 30%. The burdens associated with such shortage are borne mainly by the women and children of rural Nepal. The TA will focus on methods of providing efficient support to rural communities for sustainable water supply and sanitation improvements, with an emphasis on enabling women to play an active role in the process. The project will support ADB's effort to reduce poverty by improving health and environmental conditions and empowering women in Nepal.</p> <p>The institutional framework of the water sector in Nepal is in flux. The department of Water Supply and Sewerage (DWSS), the implementing agency for previous 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.</p> <p>The project is one of a series of rural water supply projects in the country. As such, it will build on the lessons</p>										

learned through the first ADB-financed community-based water supply and sanitation project, and the 1st, 2nd, 3rd, and 4th rural water supply and sanitation sector projects.

b. Goal and purpose:

The primary goal of the project is to maximize the poverty reduction impact of ADB interventions in the sector, by targeting assistance on the poorest parts of Nepal. The TA will look into methods of how to target a water supply and sanitation project to reach 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 help the economic conditions of poor communities. Extensive participation will be sought throughout the TA to ensure that gender issues are thoroughly addressed.

c. Components and outputs:

The TA will assess the capacity of new line agencies (if any), assess the availability of technical expertise at the district level, determine the nature of capacity building assistance required, develop funding modalities that are consistent with the new institutional structure and capable of reaching the poorest population groups, improve participatory planning mechanisms, and promote consensus building among sector institutions.

d. Expected results and deliverables:

Improved and sustainable water and sanitation conditions in the project areas; improved health, improved hygiene awareness in communities, empowerment of women, and reduced poverty.

e. Social or environmental issues or concerns:

Mainstreaming the active participation of women in the decision-making process.

f. Plans for disseminating results/deliverables: Extensive consultation during implementation.

7. Proposed executing/implementing agencies:

Ministry of Physical Planning and Works

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

The project will be conceptualized and developed in close consultation with the stakeholders in the sector.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2001
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory): 2005
 - Nonlending (other than project preparatory):
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending: TBD
 - Nonlending: TBD
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

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

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB financing : ADF \$30 million

b. For nonlending

- No resources required, other than ADB staff
 ADB's administrative budget: \$
 Grant TA funds
 TA Special Fund: \$
 Japan Special Fund: \$400,000
 Other (specify, e.g., bilateral and multilateral trust funds): \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT: \$
 JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.13: Secondary Towns Urban and Environmental Improvement
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input checked="" type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Urban Development, Municipal Services, Environment Subsector: Water Supply, Solid Waste Management, Human Waste Management, Drainage/Flood Control, Urban Road/Urban Transport, Urban Land Management, Support for Small Urban Enterprises</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input type="checkbox"/> Country <input checked="" type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Social Sectors Division</p>										
<p>5. Responsible ADB officer: K. Tamaki</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>The project intends to support the Government's priorities in (i) provision of urban and environmental infrastructure and services; (ii) poverty reduction; (iii) decentralization of authority; and (iv) strengthening of municipal institutional capacities, especially as they relate to the recently passed Local Self-Governance Act, in secondary urban growth centers outside Kathmandu.</p> <p>b. Goal and purpose:</p> <p>Following the framework and precedents (to be) established under the first Urban and Environmental Improvement Project (UEIP), which covered nine secondary towns surrounding Kathmandu, the TA will facilitate sustainable urban management in identified urban growth centers outside Kathmandu by addressing critical urban development and environmental improvement needs. The TA will also focus on institutional strengthening of concerned municipalities as well as urban poverty reduction measures in identified secondary towns.</p>										

c. Components, outputs, specific deliverables:

The TA will be implemented in three phases: (i) analyze urban-based regional economic growth potentials spearheaded by high-growth (or high-growth potential) secondary towns (about 6-10 secondary towns acting as (existing and potential) urban growth centers outside Kathmandu will be included in the TA); (ii) formulate urban growth strategies for the identified secondary towns; and (iii) prepare an investment project proposal for facilitating urban-based regional economic growth, while maintaining and improving the environment of these secondary towns and surrounding rural areas. The investment project will cover provision of basic urban infrastructure and services, such as water supply, solid waste management, human waste management, drainage or flood control, urban road or urban transport or traffic management, urban land management, and will also include targeted poverty-reduction measures such as support for small urban enterprises and community facilities. Monitoring and control mechanisms, and related institutional strengthening measures will be proposed, too.

d. Expected results and deliverables:

The TA will prepare a project that is suitable for ADB financing. The TA will also prepare a proposal that is suitable for JFPR financing, which is to be integrated administratively under the ADB-financed project.

e. Social or environmental issues or concerns:

Detailed socioeconomic survey and poverty profile, and environmental assessment will be carried out on each of the identified secondary towns. Municipal residents, various stakeholders, and nongovernment organizations concerned will be consulted in prioritizing prospective activities to be funded under prospective JFPR.

f. Plans for disseminating results/deliverables:

Workshops for relevant municipal government officials will be held during TA implementation.

7. Proposed executing/implementing agencies:

Department of Urban Development and Building Construction (DUDBC) under Ministry of Physical Planning and Works (MPPW)

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

Under the first Urban and Environmental Improvement (UEIP), DUDBC, municipalities concerned, their residents and nongovernment organizations concerned were consulted in prioritizing various investment alternatives through local workshops. Similar modality is anticipated under the TA study.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002
- b. Expected date of submission for approval
 - Lending: 2006
 - Nonlending (project preparatory): 2005
 - Nonlending (other than project preparatory):
 - Activities financed by JFICT or JFPR: 2006
- c. Period and duration of assistance(s)
 - Lending: 5 years
 - Nonlending: 1 year
 - Activities financed by JFICT or JFPR: 5 years

10. Financing Plan {Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements}

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

Cofinancing is anticipated but no cofinancier has been identified yet.

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and

government financing):

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds
 - TA Special Fund: \$500,000
 - Japan Special Fund: \$
 - Other {specify, e.g., bilateral and multilateral trust funds}: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT: \$
- JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.14: Second Road Network Development
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance (double-click on appropriate box)</p> <p><input type="checkbox"/> Lending</p> <p> <input type="checkbox"/> Project loan</p> <p> <input type="checkbox"/> Program loan</p> <p> <input type="checkbox"/> Sector loan</p> <p> <input type="checkbox"/> Sector development program loan</p> <p> <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p> <input checked="" type="checkbox"/> Project preparatory</p> <p> <input type="checkbox"/> Other than project preparatory</p> <p> <input type="checkbox"/> Economic, thematic, and sector work</p> <p> <input type="checkbox"/> Institutional development</p> <p> <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport Subsector: Roads</p> <p>b. For project preparatory and lending, classification</p> <p> <input type="checkbox"/> Core poverty intervention</p> <p> <input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Infrastructure Division</p>										
<p>5. Responsible ADB officer(s): S. Widowati</p>										
<p>6. Description of assistance(s)</p> <p>a. Background/linkage to country/regional strategy:</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 headquarters remains 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 the network. Improving the mobility of mostly poor rural communities should be promoted through a participatory process. These are consistent with ADB's road sector 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.</p>										

b. Goal and purpose:

The project will continue strengthening institutional capacity in managing the 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.

c. Components and outputs:

The project will strengthen Government capacity to manage the road network and local contractor participation in improving and maintaining the roads; improve strategic road network; provide initial access for nonconnected district headquarters; and provide poverty reduction and economic development interventions.

d. Expected results and deliverables:

- Efficient road management
- Reduced transport costs
- Improved accessibility
- Improved income

e. Social or environmental issues or concerns: none**f. Plans for disseminating results/deliverables:**

ADB website for business opportunity, consultant reports, feasibility study, initial environmental examination, and resettlement plan. Extensive consultation and public hearing during implementation.

7. Proposed executing/implementing agencies:

Ministry of Physical Planning and Works – Department of Road

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

Several workshops will be held involving all stakeholders: central and district agencies, private sector, and contractors to formulate and agree the scope of the Project.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2001

- b. Expected date of submission for approval
- Lending:
- Nonlending (project preparatory): October 2005
- Nonlending (other than project preparatory):
- Activities financed by JFICT or JFPR:

- c. Period and duration of assistance
- Lending:
- Nonlending: January-December 2006
- Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
- Ordinary capital resources: \$
- Asian Development Fund: \$60 million
- Other: \$
- b. For nonlending
- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds
- TA Special Fund: \$
- Japan Special Fund: \$800,000
- Other (specify, e.g., bilateral and multilateral trust funds): \$

If cofinancing is required indicate sources, and amount sought:
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

JFICT: \$

JFPR: \$

If cofinancing is required indicate sources, and amount sought:
If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.15: Governance Reform II
Concept Paper**

Date: 1 July 2002

<p>1. Type/modality of assistance</p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Activities financed by JFICT or JFPR</p>										
<p>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p>3. Coverage</p> <p><input checked="" type="checkbox"/> Country <input type="checkbox"/> Subregional <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p>4. Responsible division/department: South Asia Governance, Finance, and Trade Division</p>										
<p>5. Responsible ADB officer: To be determined</p>										
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy:</p> <p>ADB's strategy for Nepal emphasizes support for poverty reduction through a combination of accelerated broad-based economic growth, inclusive social development, and good governance. The Poverty Partnership Agreement between the Government and ADB stresses the crucial importance of improved governance for poverty reduction. The Governance Reform Program (GRP), focusing on civil service reform and elimination of corruption, has been supported by ADB since 2001. Considering governance reform as a long-term intervention, the Government will prioritize new areas of reform as implementation of the GRP progress.</p> <p>b. Goal and purpose:</p> <p>The TA will assess the effectiveness of the GRP in creating a more efficient, capable, accountable, and motivated civil service and will deliver a reform agenda for the next phase.</p>										

c. Components, outputs, specific deliverables:

The TA will prepare a demand-oriented governance reform program and identify outputs to be achieved during the second phase. Possible (tentative) reform areas are performance improvement and service delivery modalities in ministries not covered by the GRP; performance improvement of work teams and individuals; performance-related pay; and institutional arrangement for monitoring performance; etc. Additional reform measures will be identified during the implementation of the GRP (from 2002-2004).

d. Expected results and deliverables:

A governance reform program (phase two) developed after extensive consultation and participation of stakeholders (including key GRP committees/units, institutions, and individuals engaged in the GRP).

e. Social and environmental issues or concerns:

The TA will analyze the impact on service delivery, improvement in social welfare, gender balance, social cost of reforms, etc. The TA will suggest measures to mitigate possible negative impacts of the reforms.

f. Plans for disseminating results/deliverables:

A series of interaction programs with stakeholders such as politicians, civil servants, civil society, academicians, media, local government, etc.

7. Proposed executing/implementing agencies:

To be determined

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:

As in the case of the GRP, the TA will hold extensive discussions with a range of stakeholder and opinion leaders (i.e., politicians, civil servants, and nongovernment actors). The objective is to identify the Government's reform agenda, based on a review and evaluation of the achievements of the first phase. Ownership and commitment to reform will be secured by involving relevant stakeholders in all stages of the TA. Inputs of key stakeholders during the preparation of the ADB-funded Financial Sector Strategy for Nepal will be also incorporated.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002
- b. Expected date of submission for approval
 - Lending:
 - Nonlending (project preparatory): 2005
 - Nonlending (other than project preparatory):
 - Activities financed by JFICT or JFPR:
- c. Period and duration of assistance
 - Lending:
 - Nonlending: 8 months
 - Activities financed by JFICT or JFPR:

10. Financing Plan (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

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

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget: \$10,000
 - Grant TA funds

- TA Special Fund: \$ 600,000
- Japan Special Fund:
- Other: \$ 200,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

c. For projects financed by

- JFICT: \$
- JFPR: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, JFICT=Japan Fund for Information and Communication Technology, JFPR=Japan Fund for Poverty Reduction, SCSP=subregional cooperation strategy and program, TA=technical assistance.